



# CITY OF BUELLTON

## CITY COUNCIL AGENDA

**Regular Meeting of March 10, 2016 – 6:00 p.m.  
City Council Chambers, 140 West Highway 246  
Buellton, California**

Copies of staff reports or other written documentation relating to each item of business referred to on this Agenda are on file in the office of the City Clerk and are available for public inspection

### **CALL TO ORDER**

Mayor Ed Andrisek

### **PLEDGE OF ALLEGIANCE**

### **ROLL CALL**

Council Members John Connolly, Leo Elovitz, Holly Sierra, Vice Mayor Dan Baumann, and Mayor Ed Andrisek

### **REORDERING OF AGENDA**

### **PUBLIC COMMENTS**

Speaker Slip to be completed and turned in to the City Clerk prior to commencement of meeting. Any person may address the Council on any subject pertaining to City business, including all items on the agenda not listed as a Public Hearing, including the Consent Agenda and Closed Session. Limited to three (3) minutes per speaker. By law, no action may be taken at this meeting on matters raised during Public Comments not included on this agenda.

### **CONSENT CALENDAR**

**(ACTION)**

The following items are considered routine and non-controversial and are scheduled for consideration as a group. Any Council Member, the City Attorney, or the City Manager may request that an item be withdrawn from the Consent Agenda to allow for full discussion. Members of the Public may speak on Consent Agenda items during the Public Comment period.

- 1. Minutes of February 25, 2016 Regular City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2015-16**
- 3. Acceptance of City of Buellton Transportation Development Act (TDA) Fund Financial Statements for Years Ended June 30, 2015 and 2014 with Independent Auditor's Report**
  - ❖ (Staff Contact: Finance Director Carolyn Galloway-Cooper)
- 4. Agreement with the County of Santa Barbara for Mental Health Mobile Crisis Services for Fiscal Years 2015/16 through 2017/18**
  - ❖ (Staff Contact: City Manager Marc Bierzinski)

**PRESENTATIONS****PUBLIC HEARINGS****(POSSIBLE ACTION)**

5. **Resolution No. 16-03 – “A Resolution of the City Council of the City of Buellton, California, Adopting the Measure A Five-Year Local Program of Projects for Fiscal Years 2016/17 – 2020/21”**  
❖ *(Staff Contact: Public Works Director Rose Hess)*

**COUNCIL MEMBER COMMENTS****COUNCIL ITEMS****WRITTEN COMMUNICATIONS**

Written communications are included in the agenda packets. Any Council Member, the City Manager, or City Attorney may request that a written communication be read into the record.

**COMMITTEE REPORTS**

This Agenda listing is the opportunity for Council Members to give verbal Committee Reports on any meetings recently held for which the Council Members are the City representatives thereto.

**BUSINESS ITEMS****(POSSIBLE ACTION)**

6. **Discussion Regarding the Status of Street Lights on Industrial Way**  
❖ *(Staff Contact: Public Works Director Rose Hess)*
7. **Discussion Regarding Safety Issues Associated with the Village Townhomes Bicycle/Walking Path**  
❖ *(Staff Contact: City Manager Marc Bierdzinski)*
8. **Discussion Regarding a Policy on Dealing with Anonymous Correspondence**  
❖ *(Staff Contact: City Manager Marc Bierdzinski)*
9. **Review of Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2015**  
❖ *(Staff Contact: Finance Director Carolyn Galloway-Cooper)*

**CITY MANAGER’S REPORT****CLOSED SESSION ITEM****(POSSIBLE ACTION)**

10. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**  
**(Government Code Section 54956.9(a))**  
**Terravant Wine Company, LLC v. City of Buellton, et al., Santa Barbara County Superior Court (case number unknown)**

**ADJOURNMENT**

The next regular meeting of the City Council will be held on Thursday, March 24, 2016 at 6:00 p.m.

# CITY OF BUELLTON

**CITY COUNCIL MEETING MINUTES**  
**Regular Meeting of February 25, 2016**  
**City Council Chambers, 140 West Highway 246**  
**Buellton, California**

## CALL TO ORDER

Mayor Ed Andrisek called the meeting to order at 6:00 p.m.

## PLEDGE OF ALLEGIANCE

## ROLL CALL

**Present:** Council Members John Connolly, Leo Elovitz, Holly Sierra, Vice Mayor Dan Baumann, and Mayor Ed Andrisek

**Staff:** City Manager Marc Bierzinski, City Attorney Steve McEwen, Finance Director Carolyn Galloway-Cooper, Public Works Director Rose Hess, Station Commander Lt. Shawn O'Grady, and City Clerk Linda Reid

## REORDERING OF AGENDA

None

## PUBLIC COMMENTS

Recreation Coordinator Kyle Abello introduced Eagle Scout Warn Burt who spoke about the shaded bench he built at PAWS Park, which helped him become an Eagle Scout.

Rusty Lindsey, PAWS Park President, discussed the new shaded park bench and talked about how the bench has improved visitor usage at the Park.

Lew Adkins, Buellton, questioned the Library operating costs.

## CONSENT CALENDAR

Council Member Sierra requested that Item No. 3 be pulled for discussion.

- 1. Minutes of February 11, 2016 Regular City Council Meeting**
- 2. List of Claims to be Approved/ Ratified for Payment to Date for Fiscal Year 2015-16**

**MOTION:**

Motion by Council Member Sierra, seconded by Council Member Connolly, approving Consent Calendar Items 1 and 2 as listed.

**VOTE:**

Motion passed by a roll call vote of 5-0.

Council Member Connolly – Yes

Council Member Elovitz – Yes

Council Member Sierra– Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

**3. Revenue and Expenditure Reports through January 31, 2016**

Council Member Sierra questioned the City's Revenue and Expenditure Report and her question was addressed by Finance Director Galloway-Cooper.

**MOTION:**

Motion by Council Member Sierra, seconded by Vice Mayor Baumann, approving Consent Calendar Item 3 as listed.

**VOTE:**

Motion passed by a roll call vote of 5-0.

Council Member Connolly – Yes

Council Member Elovitz – Yes

Council Member Sierra– Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

**PRESENTATIONS**

None

**PUBLIC HEARINGS**

None

**COUNCIL MEMBER COMMENTS/ITEMS**

Council Member Sierra thanked the Public Works Department for their quick response to the graffiti that occurred a few weeks ago.

Council Member Elovitz requested that staff agendaize the following items at future Council meetings, which was agreed by Council consensus:

- Installation of street lights on Industrial Way
- Safety of the Crossroads pedestrian/bike trail at McMurray Road
- Discussion on a policy regarding anonymous communication

## WRITTEN COMMUNICATIONS

None

## COMMITTEE REPORTS

Council Member Sierra announced that she attended a board meeting for Santa Barbara County Association of Governments (SBCAG) and provided an oral report regarding the meeting.

Council Member Connolly announced there has been a \$200,000 donation for the new swimming pool at Santa Ynez High School and he stated that pool fundraising is ongoing.

## BUSINESS ITEMS

### 4. **Presentation by John Shoals from Pacific Gas and Electric Company (PG&E) Regarding Installation of LED Lights**

John Shoals, Senior Government Relations representative for PG&E spoke about the installation of LED lights in Buellton and answered questions from the City Council.

Tim Kingsbury, Supervisor of Customer Impact – Electric Reliability at PG&E discussed the new LED light program.

The City Council discussed the pros and cons of opting in to the PG&E LED light installation program at no cost to the City.

Nancy Emerson, representing Women’s Environmental Watch (W.E. Watch) requested that PG&E install lower wattage bulbs in Buellton and submitted written documentation for the record.

### **MOTION:**

Motion by Council Member Elovitz, seconded by Vice Mayor Baumann, opting in to the PG&E LED light installation program at no cost to the City and requesting that staff create a revenue fund for the cost savings realized from the installation of the new lights and use the fund for future lighting improvements.

### **VOTE:**

Motion passed by a voice vote of 5-0.

Council Member Connolly – Yes

Council Member Elovitz – Yes

Council Member Sierra– Yes

Vice Mayor Baumann – Yes

Mayor Andrisek – Yes

**5. Discussion Regarding MNS Services and Billing**

**STAFF REPORT:**

City Manager Bierdzinski presented the staff report.

**SPEAKERS/DISCUSSION:**

Deputy City Engineer Jeff Edwards addressed MNS Engineering's billing records in detail.

The City Council discussed the following issues:

- How the MNS Engineers rate increase occurred in 2010
- Reviewing the MNS contract and fee schedule
- Preparing an RFP for contract engineering services

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**DIRECTION:**

The City Council directed staff to prepare an RFP for contract engineering services and bring it back for Council review.

**6. Review of Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2015**

**RECOMMENDATION:**

That the City Council receive and file the CAFR for Fiscal Year ending June 30, 2015.

**STAFF REPORT:**

Finance Director Galloway-Cooper presented the staff report and discussed the CAFR.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**SPEAKERS/DISCUSSION:**

Judith Dale, Buellton, discussed the CAFR and submitted a document for the record supporting her discussion.

The City Council discussed the Community Development line item in the CAFR.

**DIRECTION:**

The Council agreed by consensus to bring the CAFR for Fiscal Year ending June 30, 2015 back for further discussion.

**CITY MANAGER'S REPORT**

City Manager Bierdzinski provided an informational report to the City Council.

**CITY COUNCIL OF BUELLTON AS SUCCESSOR AGENCY OF THE FORMER BUELLTON REDEVELOPMENT AGENCY**

The Buellton City Council convened as the Buellton Successor Agency of the former Buellton Redevelopment Agency in order to discuss Item No. 7.

- 7. Resolution No. SA 16-01 – “A Resolution of the Successor Agency of the Former Buellton Redevelopment Agency, Transferring the Property Located 597 Avenue of Flags (Unit 101) to the City of Buellton”**

**RECOMMENDATION:**

That the Successor Agency consider adoption of Resolution No. SA 16-01.

**STAFF REPORT:**

City Manager Bierdzinski presented the staff report.

**DOCUMENTS:**

Staff report with attachments as listed in the staff report.

**MOTION:**

Motion by Agency Member Sierra, seconded by Agency Member Connolly, approving Resolution No. SA 16-01 – “A Resolution of the Successor Agency of the Former Buellton Redevelopment Agency, Transferring the Property Located 597 Avenue of Flags (Unit 101) to the City of Buellton”

**VOTE:**

Motion passed by a roll call vote of 5-0.

Agency Member Connolly – Yes

Agency Member Elovitz – Yes

Agency Member Sierra– Yes

Agency Member Baumann – Yes

Agency Member Andrisek – Yes

The City Council reconvened the regular City Council meeting.

**ADJOURNMENT**

Mayor Andrisek adjourned the regular meeting at 8:10 p.m. The next regular meeting of the City Council will be held on Thursday, March 10, 2016 at 6:00 p.m.

\_\_\_\_\_  
Ed Andrisek  
Mayor

ATTEST:

\_\_\_\_\_  
Linda Reid  
City Clerk

BACK-UP/SUPPORT DATA IS AVAILABLE FOR COUNCIL REVIEW IN CITY HALL

The following is a list of claims to be ratified and approved for payment by the City Council at the **March 10, 2016** Council Meeting.

Listed below is a brief summary of the attached claims:

EXHIBIT A *	A/P Packet #APPKT00177	\$629,557.01 (3 pages)
	A/P Packet #APPKT00162	138,743.57 (2 pages)
	A/P Packet #APPKT00171	41,418.47 (2 pages)

Total Packets:	<u>\$809,719.05</u>
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EXHIBIT B	<u>\$10,649.82</u>
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Staff Payroll	2/19/2016	\$37,465.50
Council Payroll	2/25/2016	2,197.71

<b>TOTAL AMOUNT OF CLAIMS:</b>	Total Payroll:	<u>\$39,663.21</u>
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	<u><b>\$860,032.08</b></u>
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\* The A/P Packets above will be approved on Council Agenda date of 3/10/16  
 Checks to be signed on 3/10/016 tie to A/P Packet #APPKT00177  
 Checks previously signed by staff to avoid late fees relate to A/P Packet #APPKT00162 and #APPKT00171

Payments via Electronic Fund Transfer (EFT):  
From 2/13/16 to 2/26/16

AFLAC	2/16/2016	\$520.64
AFLAC	2/16/2016	88.39
Payroll Taxes - Staff	2/22/2016	7,868.62
Payroll Taxes - Staff	2/23/2016	2,162.17
Bank Fees	2/24/2016	10.00

<b>Total</b>		<b><u><u>\$10,649.82</u></u></b>
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By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: General Checking-General Checking						
000960	A & A PUMP & WELL SERVICE	03/10/2016	Regular	0.00	400.00	32483
000870	ACCOMTEMP	03/10/2016	Regular	0.00	4,508.96	32484
000509	ALAN NEEDHAM dba	03/10/2016	Regular	0.00	4,050.00	32485
000027	AQUA BEN CORPORATION	03/10/2016	Regular	0.00	2,311.43	32486
000028	ARAMARK UNIFORM SERVICES INC	03/10/2016	Regular	0.00	393.44	32487
000303	ART MERCADO	03/10/2016	Regular	0.00	50.00	32488
000967	Berry General Engineering Contract	03/10/2016	Regular	0.00	117,697.88	32489
000065	BURKE, WILLIAMS & SORENSEN, LLF	03/10/2016	Regular	0.00	43,290.30	32490
000783	CAMBRON ROOFING AND WATERPF	03/10/2016	Regular	0.00	1,579.00	32491
000987	CIRGIS, INC.	03/10/2016	Regular	0.00	800.00	32492
000107	CITY OF LOMPOC	03/10/2016	Regular	0.00	1,666.66	32493
000112	CLARK PEST CONTROL	03/10/2016	Regular	0.00	159.00	32494
000655	COAST NETWORKX, INC.	03/10/2016	Regular	0.00	427.50	32495
000121	COC/BBA/VISITORS INFORMATION	03/10/2016	Regular	0.00	19,064.79	32496
000679	COURIER SYSTEMS	03/10/2016	Regular	0.00	150.00	32497
000995	CURTIS GOULD	03/10/2016	Regular	0.00	100.00	32498
000138	D.L. ELECTRIC, INC.	03/10/2016	Regular	0.00	483.00	32499
000140	DAN HEEDY	03/10/2016	Regular	0.00	50.00	32500
000142	DANIEL FITZGERALD dba	03/10/2016	Regular	0.00	1,200.00	32501
000598	ENGEL & GRAY, INC.	03/10/2016	Regular	0.00	6,323.56	32502
000187	FARM SUPPLY COMPANY	03/10/2016	Regular	0.00	300.74	32503
000189	FISHER PUMP & WELL SERVICE, INC.	03/10/2016	Regular	0.00	1,897.00	32504
000199	FOSTER D. REIF	03/10/2016	Regular	0.00	50.00	32505
000203	GARY BROWN dba	03/10/2016	Regular	0.00	360.00	32506
000826	GENUINE PARTS COMPANY INC	03/10/2016	Regular	0.00	139.36	32507
000000	HEATHER FEDERLEIN	03/10/2016	Regular	0.00	750.00	32508
000237	IRON MOUNTAIN	03/10/2016	Regular	0.00	44.08	32509
000994	JENNIFER CLINE	03/10/2016	Regular	0.00	100.00	32510
000759	JJACPA, INC.	03/10/2016	Regular	0.00	3,000.00	32511
000869	JOE PADILLA	03/10/2016	Regular	0.00	50.00	32512
000779	LASH CONSTRUCTION, INC.	03/10/2016	Regular	0.00	5,243.74	32513
000280	LEE CENTRAL COAST NEWSPAPERS	03/10/2016	Regular	0.00	665.92	32514
000700	MAILFINANCE, INC.	03/10/2016	Regular	0.00	977.03	32515
000311	MARTIN & CHAPMAN CO.	03/10/2016	Regular	0.00	555.52	32516
000326	MNS ENGINEERS, INC.	03/10/2016	Regular	0.00	224,143.75	32517
	**Void**	03/10/2016	Regular	0.00	0.00	32518
	**Void**	03/10/2016	Regular	0.00	0.00	32519
000342	NIELSEN BUILDING MATERIALS,INC	03/10/2016	Regular	0.00	9.20	32520
000669	O'CONNOR & SONS dba	03/10/2016	Regular	0.00	105.00	32521
000801	O'REILLY AUTOMOTIVE STORES, INC	03/10/2016	Regular	0.00	11.87	32522
000880	PARADISE WELDING	03/10/2016	Regular	0.00	1,744.50	32523
000861	POLYDYNE INC.	03/10/2016	Regular	0.00	1,146.96	32524
000382	PROCARE JANITORIAL SUPPLY, INC.	03/10/2016	Regular	0.00	888.03	32525
000390	QUINN COMPANY	03/10/2016	Regular	0.00	481.10	32526
000032	READY REFRESH BY NESTLE	03/10/2016	Regular	0.00	114.36	32527
000441	SB CO - PUBLIC WORKS DEPT	03/10/2016	Regular	0.00	44.00	32528
000427	SB CO APCD	03/10/2016	Regular	0.00	833.18	32529
000450	SB CO SHERIFF'S DEPARTMENT	03/10/2016	Regular	0.00	141,967.90	32530
000988	Solvang Heritage Associates	03/10/2016	Regular	0.00	250.00	32531
000161	STATE OF CALIFORNIA - DOJ	03/10/2016	Regular	0.00	32.00	32532
000521	TODD PIPE & SUPPLY	03/10/2016	Regular	0.00	31.22	32533
000513	TURF STAR, INC.	03/10/2016	Regular	0.00	1,185.70	32534
000535	UNDERGROUND SERVICE ALERT	03/10/2016	Regular	0.00	18.00	32535
000582	VINTAGE WALK, LLC OWNERS ASSO	03/10/2016	Regular	0.00	104.00	32536

Check Register

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
000894	VISITSYV	03/10/2016	Regular	0.00	17,713.50	32537
000782	WAGE WORKS	03/10/2016	Regular	0.00	77.00	32538
000677	WALLACE GROUP	03/10/2016	Regular	0.00	19,816.83	32539

Bank Code General Checking Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	121	55	0.00	629,557.01
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>121</b>	<b>57</b>	<b>0.00</b>	<b>629,557.01</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	3/2016	629,557.01
			<u>629,557.01</u>



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: General Checking-General Checking</b>						
000005	ABALONE COAST ANALYTICAL, INC.	02/23/2016	Regular	0.00	1,978.50	32456
000870	ACCOUNTEMPS	02/23/2016	Regular	0.00	2,763.56	32457
000820	ACWA/JPIA	02/23/2016	Regular	0.00	2,434.90	32458
000509	ALAN NEEDHAM dba	02/23/2016	Regular	0.00	15,020.00	32459
000387	ALBERTSONS, LLC.	02/23/2016	Regular	0.00	116.05	32460
000090	CaIPERS LONG-TERM CARE PROGRA	02/23/2016	Regular	0.00	84.25	32461
000655	COAST NETWORX, INC.	02/23/2016	Regular	0.00	1,161.50	32462
000713	COASTAL COPY, LP	02/23/2016	Regular	0.00	484.92	32463
000122	COMCAST CABLE	02/23/2016	Regular	0.00	139.32	32464
000965	FASTRAK SOFTWARES, INC	02/23/2016	Regular	0.00	149.00	32465
000201	G E CAPITAL	02/23/2016	Regular	0.00	150.12	32466
000813	HOME DEPOT CREDIT SERVICES	02/23/2016	Regular	0.00	3,842.63	32467
000248	JCI JONES CHEMICALS, INC.	02/23/2016	Regular	0.00	2,955.13	32468
000380	PRAXAIR DISTRIBUTION, INC.	02/23/2016	Regular	0.00	141.93	32469
000429	SAFETY-KLEEN CORP.	02/23/2016	Regular	0.00	357.07	32470
000438	SANTA YNEZ VALLEY HARDWARE	02/23/2016	Regular	0.00	592.84	32471
000441	SB CO - PUBLIC WORKS DEPT	02/23/2016	Regular	0.00	33.33	32472
000465	SP MAINTENANCE SERVICES, INC.	02/23/2016	Regular	0.00	2,821.00	32473
000978	Staples Credit Plan	02/23/2016	Regular	0.00	642.67	32474
000984	The Radar Shop Inc.	02/23/2016	Regular	0.00	66.00	32475
000529	TRANSFIRST HEALTH & GOVERNMEI	02/23/2016	Regular	0.00	166.41	32476
000513	TURF STAR, INC.	02/23/2016	Regular	0.00	842.61	32477
000904	US BANK EQUIPMENT FINANCE	02/23/2016	Regular	0.00	532.60	32478
000555	VERIZON CALIFORNIA INC	02/23/2016	Regular	0.00	1,788.21	32479
000556	VERIZON WIRELESS	02/23/2016	Regular	0.00	502.01	32480
000782	WAGE WORKS	02/23/2016	Regular	0.00	84.00	32481
000768	WEX BANK	02/23/2016	Regular	0.00	1,567.91	32482

**Bank Code General Checking Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	39	27	0.00	41,418.47
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>39</b>	<b>27</b>	<b>0.00</b>	<b>41,418.47</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	2/2016	41,418.47
			<hr/> 41,418.47



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: General Checking-General Checking</b>						
000718	AUTOSYS, INC.	02/16/2016	Regular	0.00	1,260.00	32444
000090	CaPERS LONG-TERM CARE PROGRA	02/16/2016	Regular	0.00	84.25	32445
000118	COASTAL COPY, LP	02/16/2016	Regular	0.00	120.50	32446
000172	ECHO COMMUNICATIONS	02/16/2016	Regular	0.00	67.00	32447
000986	KAREN MILLER	02/16/2016	Regular	0.00	240.58	32448
000326	MNS ENGINEERS, INC.	02/16/2016	Regular	0.00	115,010.00	32449
	**Void**	02/16/2016	Regular	0.00	0.00	32450
000352	P G & E	02/16/2016	Regular	0.00	20,532.93	32451
000285	SANTA MARIA TIMES dba	02/16/2016	Regular	0.00	1,030.40	32452
000706	SATCOM GLOBAL, INC.	02/16/2016	Regular	0.00	101.06	32453
000473	SPRINT SPECTRUM, L.P. dba	02/16/2016	Regular	0.00	35.36	32454
000507	THE GAS COMPANY	02/16/2016	Regular	0.00	261.49	32455

**Bank Code General Checking Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	35	11	0.00	138,743.57
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>35</b>	<b>12</b>	<b>0.00</b>	<b>138,743.57</b>

### Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH	2/2016	<u>138,743.57</u>
			138,743.57

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 3

To: The Honorable Mayor and City Council

From: Carolyn Galloway-Cooper, Finance Director

Meeting Date: March 10, 2016

Subject: Acceptance of City of Buellton Transportation Development Act (TDA) Fund Financial Statements for Years Ended June 30, 2015 and 2014 with Independent Auditor's Report

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**BACKGROUND**

An audit of the City's Transportation Development Act Fund has been performed by Moss, Levy & Hartzheim LLP, Certified Public Accountants. The purpose of the audit is to determine compliance with Transportation Development Act (TDA) Sections 99234 and 99400(a) of the California Public Utilities Code, and compliance with the rules and regulations of the Santa Barbara County Association of Governments.

The audit is presented herewith for your review and acceptance. The audit includes an examination of the assets, liabilities and fund balance of the Transportation Development Act Fund as of June 30, 2015 and 2014, and the related statements of revenue, expenditures and changes in fund balance.

The Independent Accountant's Report on Compliance with Requirements Applicable to the Transportation Development Act, dated February 22, 2016 states that the City complied with applicable statutes, rules, regulations of the TDA and the allocation instructions and resolutions of the Santa Barbara County Association of Governments as required by Section 6666 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2015.

**FISCAL IMPACT**

This annual TDA audit is required along with an unqualified auditor's opinion in order for the City to receive continued funding.

**RECOMMENDATION**

That the City Council review and accept the City of Buellton TDA Fund Financial Statements for the years ended June 30, 2015 and 2014 along with the Independent Auditor's Report.

**ATTACHMENT**

Attachment 1 - TDA Fund Financial Statements for Years Ended June 30, 2015 and 2014

**CITY OF BUELLTON**  
**TRANSPORTATION DEVELOPMENT ACT FUND**  
**FINANCIAL STATEMENTS**  
**FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**SEGREGATED BY SECTIONS 99234**  
**AND 99400(a) OF THE PUBLIC UTILITIES CODE**

**CITY OF BUELLTON**  
Transportation Development Act Fund  
Segregated by Sections 99234 and 99400(a)  
of the Public Utilities Code  
June 30, 2015 and 2014  
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Moss, Levy & Hartzheim LLP  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of the  
Santa Barbara County Association of Governments

### Report on Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Fund of the City of Buellton (the Fund), as of and for the fiscal years ended June 30, 2015 and June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Development Act Fund of the City of Buellton, as of June 30, 2015 and June 30, 2014, and the changes in financial position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1, the financial statements present only the Transportation Development Act Fund and do not purport to, and do not, present fairly the financial position of the City of Buellton as of June 30, 2015 and June 30, 2014, the changes in its financial position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Moss, Levy & Hartzheim LLP*

Santa Maria, California  
February 22, 2016

**CITY OF BUELLTON**  
**TRANSPORTATION DEVELOPMENT ACT FUND**  
**SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE**  
**BALANCE SHEETS**  
**June 30, 2015 and June 30, 2014**

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	2015			2014
	99234	99400(a)	Total	Total
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and investments	\$ 6,945	\$ 28,092	\$ 35,037	\$ 658
Due from 99400(a)				2,372
Prepaid expenditures		1,667	1,667	1,667
<b>Total assets</b>	<b>\$ 6,945</b>	<b>\$ 29,759</b>	<b>\$ 36,704</b>	<b>\$ 4,697</b>
<b>Liabilities:</b>				
<b>Current liabilities</b>				
Accounts payable	\$ -	\$ 5,828	\$ 5,828	\$ -
Due to 99234				2,372
<b>Total liabilities</b>		<b>5,828</b>	<b>5,828</b>	<b>2,372</b>
<b>Fund balance:</b>				
Restricted	6,945	23,931	30,876	2,325
<b>Total liabilities and fund balance</b>	<b>\$ 6,945</b>	<b>\$ 29,759</b>	<b>\$ 36,704</b>	<b>\$ 4,697</b>

See accompanying notes to financial statements

**CITY OF BUELLTON**  
**TRANSPORTATION DEVELOPMENT ACT FUND**  
**SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For Fiscal Years Ended June 30, 2015 and June 30, 2014**

	2015		2014	
	99234	99400(a)	Total	Total
<b>Revenues:</b>				
Local Transportation fund allocations	\$ 3,767	\$ -	\$ 3,767	\$ 10,752
Interest	148		148	
Total revenues	3,915		3,915	10,752
<b>Expenditures:</b>				
Construction and contract services		24,161	24,161	59,096
Dial-A-Ride-Solvang		1,203	1,203	1,200
Total expenditures		25,364	25,364	60,296
Excess of revenues over expenditures	3,915	(25,364)	(21,449)	(49,544)
<b>Transfers:</b>				
Transfers in from City of Buellton		50,000	50,000	40,350
Change in fund balance	3,915	24,636	28,551	(9,194)
Fund balance, beginning of fiscal year	3,030	(705)	2,325	11,519
Fund balance, end of fiscal year	\$ 6,945	\$ 23,931	\$ 30,876	\$ 2,325

See accompanying notes to financial statements

**CITY OF BUELLTON**  
**TRANSPORTATION DEVELOPMENT ACT FUND**  
**SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For Fiscal Year Ended June 30, 2015**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Local Transportation fund allocations	\$ 3,718	\$ 3,767	\$ 49
Interest	150	148	(2)
Total revenues	<u>3,868</u>	<u>3,915</u>	<u>47</u>
<b>Expenditures:</b>			
Construction and contract services	100,000	24,161	75,839
Dial-A-Ride-Solvang	1,100	1,203	(103)
Total expenditures	<u>101,100</u>	<u>25,364</u>	<u>75,736</u>
Excess of revenues over expenditures	(97,232)	(21,449)	75,783
<b>Transfers:</b>			
Transfers in from City of Buellton	126,100	50,000	(76,100)
Change in fund balance	28,868	28,551	(317)
Fund balance, beginning of fiscal year	<u>2,325</u>	<u>2,325</u>	
Fund balance, end of fiscal year	<u>\$ 31,193</u>	<u>\$ 30,876</u>	<u>\$ (317)</u>

See accompanying notes to financial statements

**CITY OF BUELLTON**  
**TRANSPORTATION DEVELOPMENT ACT FUND**  
**SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For Fiscal Year Ended June 30, 2014**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Local Transportation fund allocations	\$ 3,718	\$ 10,752	\$ 7,034
Interest	200		(200)
Total revenues	<u>3,918</u>	<u>10,752</u>	<u>6,834</u>
<b>Expenditures:</b>			
Construction and contract services	100,000	59,096	40,904
Dial-A-Ride-Solvang	<u>1,650</u>	<u>1,200</u>	<u>450</u>
Total expenditures	<u>101,650</u>	<u>60,296</u>	<u>41,354</u>
Excess of revenues over expenditures	(97,732)	(49,544)	48,188
<b>Transfers:</b>			
Transfers in from City of Buellton	<u>32,000</u>	<u>40,350</u>	<u>8,350</u>
Change in fund balance	(65,732)	(9,194)	56,538
Fund balance, beginning of fiscal year	<u>11,519</u>	<u>11,519</u>	
Fund balance, end of fiscal year	<u><u>\$ (54,213)</u></u>	<u><u>\$ 2,325</u></u>	<u><u>\$ 56,538</u></u>

See accompanying notes to financial statements

**CITY OF BUELLTON**  
**TRANSPORTATION DEVELOPMENT ACT FUND**  
**SEGREGATED BY SECTIONS 99234 AND 99400(a) OF THE PUBLIC UTILITIES CODE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and June 30, 2014**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Transportation Development Act Fund of the City of Buellton is a governmental fund type. Governmental funds are accounted for using a current financial resources measurement focus. The application of this measurement focus provides that, in general, only current assets and current liabilities are present on the balance sheet. Operating statements of these funds present revenues and expenditures.

The modified accrual basis of accounting is used for the Transportation Development Act Fund. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Measurable means that the amount of the transaction can be determined. Available means the funds are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures of governmental funds are generally recognized when the related fund liability is incurred.

Reporting Entity

The financial statements present only the Transportation Development Act Fund and do not purport to, and do not present, the City's financial position and changes in financial position. The City of Buellton's basic financial statements are available from the Finance Department at 107 W. Highway 246, Buellton, CA 93427.

**NOTE 2 – CASH DEPOSITS**

The City follows the practice of pooling cash and investments for all funds (including the Transportation Development Act Fund) under its direct daily control. Interest earned on pooled cash and investments is allocated periodically to the various funds based on average cash balances. Detailed disclosure regarding the City's investments of cash is included in the notes to financial statements of the City.



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION DEVELOPMENT ACT COMPLIANCE**

The Board of Directors of the  
Santa Barbara County Association of Governments

We have audited the financial statements of the City of Buellton Transportation Development Act Fund's (the City) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook*, published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2015.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance with applicable statutes, rules and regulations of the Transportation Development Act (TDA), Sections 99234 and 99400(a), of the California Code of Regulations (CCR), and the allocation instructions and resolutions of Santa Barbara County Association of Governments as required by Section 6666 of the CCR. Section 6666 requires that for a non-transit claimant, the independent auditor shall perform at least the following tasks: (a) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with those sections of the Act specifying the qualified purposes, including Public Utilities Code section 99402 for streets and roads claimants and section 99233.3 for claimants under that section for pedestrian and bicycle facilities and bicycle safety education programs, (b) Determine whether the funds received by the claimant pursuant to the Act were expended in conformance with the applicable rules, regulations, and procedures of the transportation-planning agency and in compliance with the allocation instructions, and (c) Determine whether interest earned on funds received by the claimant pursuant to the Act were expended only for those purposes for which the funds were allocated, in accordance with Public Utilities Code sections 99301 and 99301.5. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Compliance with the Transportation Development Act***

In our opinion, the funds allocated to and received by the City of Buellton Transportation Development Act Fund, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of the Transportation Development Act and the allocation instructions and resolutions of Santa Barbara County Association of Governments for the fiscal year ended June 30, 2015.

This report is intended solely for the information and use of the City Council, management of the Santa Barbara County Association of Governments and for filing with the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim LLP*

Santa Maria, California  
February 22, 2016

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 4

To: The Honorable Mayor and City Council

From: Marc Bierdzinski, City Manager

Meeting Date: March 10, 2016

Subject: Agreement with the County of Santa Barbara for Mental Health  
Mobile Crisis Services for Fiscal Years 2015/16 through 2017/18

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**BACKGROUND**

The City has contracted with and funded the County of Santa Barbara to provide Mental Health Mobile Services within the City since 1994. Attached is a new agreement to continue these services for the next three fiscal years (Attachment 1). The County Board of Supervisors has approved the agreement and the City Attorney has approved it as to form. The County has revised their agreement form which is why they have not provided it to us sooner for action.

This existing service includes mobile crises units that provide emergency mental health evaluation services to adults 24 hours per day, 7 days per week. If approved, the proposed agreement would ensure the continued provision of mental health services to the residents of the City.

Exhibit B-1 to the agreement (Attachment 1) lists the schedule of fees for the contract period with the total over three years of \$8,262. The cost for the prior three year period was \$7,571. The City has included this in the budget in the past and will do so for the upcoming fiscal years.

The agreement may be terminated at any time by either party by written notice to the other party. The written termination notice shall be effective 30 days following delivery of the notice.

**FISCAL IMPACT**

The fiscal impact to the City, if the agreement is approved, will be \$8,262 for the three fiscal year period (\$2,754 per year). Funds have been budgeted in the City's General Fund (non-departmental) for these services.

**RECOMMENDATION**

That the City Council consider approval of an Agreement with the County of Santa Barbara for Mental Health Mobile Crisis Services for Fiscal Years 2015/16 through 2017/18 and authorize the City Manager to execute the agreement.

**ATTACHMENT**

Attachment 1 – Agreement for Mental Health Mobile Crisis Services

## AGREEMENT

### WITH CITY OF BUELLTON FOR SUPPLEMENTAL FUNDING FOR MENTAL HEALTH MOBILE CRISIS SERVICES

**THIS AGREEMENT** (hereafter Agreement) is made by and between the **County of Santa Barbara**, a political subdivision of the State of California (hereafter "County") and **City of Buellton** (hereafter "City") for the continued provision of **Mobile Crisis Services** to City by County, and City's continued payment of fees to County for services rendered.

Whereas, in order to help reduce the burden of providing mental health evaluation services faced by public safety agencies in Santa Barbara County, County previously contracted with American Medical Response (AMR) for the provision of emergency mental health evaluation services (also known as Mental Health Assessment Team (MHAT)) wherein AMR, in coordination with County, responded to suspected psychiatric emergencies presented by individuals over the age of 18 in Santa Barbara County; and

Whereas, during Fiscal Year 2008-09, County expanded programs to include mobile crisis services to provide emergency health evaluation services to adult residents of the County, twenty-four (24) hours per day, seven (7) days per week and eliminated the Contract with AMR for MHAT services; and

Whereas, during Fiscal Year 2015-16, County, in an effort to decrease response times, expedite appropriate care, and relieve overburdened medical and law enforcement personnel, expanded programs to include a Mobile Crisis Team West in Lompoc, in addition to Mobile Crisis teams in the North and South County; and

Whereas, City has historically underwritten a portion of the costs of providing emergency mental health evaluations because services have been provided to City residents; and

Whereas, it is deemed to be in the best interest of City and County that Mobile Crisis Services continue to be delivered to City residents and other Santa Barbara County residents and City thereby agrees to continue its contribution to County for Mobile Crisis Services rendered by County for the period of July 1, 2015 through June 30, 2018

**THEREFORE**, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **DESIGNATED REPRESENTATIVE:** Director at phone number 805-681-5220 is the designated representative of County and shall administer this Agreement for and on behalf of County. City Manager at phone number 8056860137 is the designated representative for City. Changes in designated representatives shall be made only after advance written notice to the other party.
2. **NOTICES.** Any notice or consent required or permitted to be given to the respective parties in writing, by personal delivery or facsimile, or with first-class mail, postage prepaid, or express courier service, as follows:

A. To County: Alice Gleghorn, Ph.D.  
Director

## AGREEMENT

Santa Barbara County  
Department of Behavioral Wellness  
300 N. San Antonio Road  
Santa Barbara, CA 93110

B. To City: Marc Bierdzinski  
City Manager  
City of Buellton  
331-B Park Street  
Buellton, CA 93427

or at such other address, or to such other person, that the parties may from time-to-time designate in accordance to this Notices section. If sent by first class mail, notices and consents under this section shall be deemed to have been received five (5) days following the deposit in the United States mail. This Notices section shall not be construed as meaning that either party agrees to service of process except as required by applicable law.

3. **SCOPE OF SERVICES.** County agrees to provide services to City in accordance with Exhibit A attached hereto and incorporated herein by reference.
4. **TERM.** County shall commence performance on July 1, 2015 and end performance upon completion, but no later than June 30, 2018 unless otherwise directed by City or unless earlier terminated.
5. **COMPENSATION OF COUNTY.** City shall pay County under this Agreement in accordance with the terms of Exhibit B and Exhibit B-1 (attached hereto and incorporated herein by reference). Billing shall be made by invoice, which shall include the contract number assigned by County and which is delivered to City at the address given in Section 2 NOTICES above. Unless otherwise specified on Exhibit B, payment shall be due net thirty (30) days from presentation of invoice.
6. **STANDARD OF PERFORMANCE.** County represents that it has the skills, expertise, and licenses and/or permits necessary to perform the services required under this Agreement. Accordingly, County shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which contracted provider is engaged. Permits and/or licenses shall be obtained and maintained by County or its Contracted Providers without additional compensation.
7. **CONFLICT OF INTEREST.** The parties covenant that the parties presently have no interest and will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The parties further covenant that in performance of this Agreement, no person having such interest will be employed by parties.
8. **OWNERSHIP OF DOCUMENTS.** County shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected and any material necessary for the practical use of the data and/or documents from the time of collection and/or production, whether or not performance under this Agreement is completed or terminated prior to completion.

## AGREEMENT

9. **COUNTY PROPERTY AND INFORMATION.** All of County's property, documents, and information provided for City's use in connection with the services shall remain County's property, and City shall return any such items whenever requested by County and whenever required according to the Termination section of this Agreement. City may use such items only in connection with the services. City shall not disseminate any County property, documents, or information without County's prior written consent.
10. **MUTUAL INDEMNIFICATION.** City shall defend, indemnify, and hold County, its officers, officials, employees or agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of City, its officers, officials, employees or agents.
- County shall defend, indemnify, and hold City, its officers, officials, employees or agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of County, its officers, officials, employees or agents.
11. **INSURANCE.** Each party shall maintain its own insurance coverage, through commercial insurance, self-insurance or a combination thereof, against any claim, expense, cost, damage, or liability arising out of the performance of its responsibilities pursuant to this Agreement.
12. **NON-DISCRIMINATION.** County hereby notifies City that Santa Barbara County Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein, and City agrees to comply with said ordinance.
13. **TERMINATION.**
- A. **By County.** County may, by written notice to City, terminate this Agreement in whole or in part at any time, whether for County convenience or because of the failure of City to fulfill the obligations herein.
- i. **For Convenience.** County may terminate this Agreement in whole or in part upon thirty (30) days written notice. At the end of the thirty (30) day period, the Mobile Crisis services being provided to City by County shall cease.
- ii. **For Cause.** Should City default in the performance of this Agreement or materially breach any of its provisions, County may, at the County's sole option, terminate or suspend this Agreement in whole or in part by written notice. Upon receipt of notice, County shall immediately discontinue all services affected

## **AGREEMENT**

(unless the notice directs otherwise) and notify City as to the status of its performance. The date of termination shall be the date the notice is received by City, unless the notice directs otherwise.

**B. By City.** City may, upon thirty (30) days written notice to County, terminate this Agreement in whole or in part at any time, whether for City convenience or because of the failure of County to fulfill the obligations herein. At the end of the thirty (30) day period, County shall cease work and notify City as to the status of its performance.

14. **SECTION HEADINGS.** The headings of the several sections, and any Table of Contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.
15. **SEVERABILITY.** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision, hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
16. **REMEDIES NOT EXCLUSIVE.** No remedy herein conferred upon or reserved to the parties is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.
17. **NO WAIVER OF DEFAULT.** No delay or omission of the parties to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to the parties shall be exercised from time-to-time and as often as may be deemed expedient in the sole discretion of either party.
18. **NONEXCLUSIVE AGREEMENT.** City understands that this is not an exclusive Agreement and that County will have the right to negotiate with and enter into contracts with others to provide the same or similar services as those provided to the City as the County desires.
19. **ENTIRE AGREEMENT, AMENDMENTS, AND MODIFICATIONS.** In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives its future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral Agreements, course of conduct, waiver or estoppel.
20. **SUCCESSORS AND ASSIGNS.** All representations, covenants and warranties set forth in this Agreement, by or on behalf of or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

## AGREEMENT

21. **CALIFORNIA LAW AND JURISDICTION.** This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in State court, or in the Federal District Court nearest to Santa Barbara County, if in Federal court.
22. **EXECUTION OF COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.
23. **AUTHORITY.** All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity (ies), person(s), or firm(s) and have complied with all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, City hereby warrants that it shall not have breached the terms or conditions of any other contract or Agreement to which City is obligated which breach would have a material effect hereon.
24. **SURVIVAL.** All provisions of this Agreement which by their nature are intended to survive the termination or expiration of this Agreement shall survive such termination or expiration.
25. **PRECEDENCE.** In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.
26. **DISPUTE RESOLUTION.** Any dispute or disagreement arising under this contract shall first be addressed and resolved at the lowest possible staff level between the appropriate representatives of the City and of the County. If it cannot be resolved at this level, it is to be elevated to the City Manager and County's designated Program Manager. If the Managers cannot resolve the dispute, they are to take the following actions:
  - A. Decision - Each party shall reduce the dispute to writing and submit to the appropriate Department of Behavioral Wellness Assistant Director. The Assistant Director shall assemble a team to investigate the dispute and to prepare a written decision. This decision shall be furnished to the City within thirty - (30) days of receipt of the dispute documentation. This decision shall be final unless appealed within ten (10) days of receipt.
  - B. Appeal –The City may appeal the decision (Item A above) to the Santa Barbara County Department of Behavioral Wellness – Director, or designee, at 300 N. San Antonio Road, Santa Barbara, CA 93110. The decision of the Department of Behavioral Wellness-Director shall be put in writing within twenty - (20) days and a copy thereof mailed to the City's address for notices. The decision of the Department of Behavioral Wellness-Director shall be final.

## **AGREEMENT**

- C. Pending final decision of the dispute hereunder, City and County shall proceed diligently with the performance of this Agreement.
  
- D. The finality of appeal described herein is meant to imply only that recourse to resolution of disputes through this particular Dispute Resolution mechanism has been concluded. This is in no way meant to imply that the parties have agreed that this mechanism replaces either party's rights to have its disputes with the other party heard and adjudicated in a court of competent jurisdiction.

## **AGREEMENT**

### **THIS AGREEMENT INCLUDES:**

1. EXHIBIT A – Statement of Work
2. EXHIBIT B – Fees and Payment to County
3. EXHIBIT B-1 – Schedule of Fees

**AGREEMENT**

Agreement for Mobile Crisis Services between the County of Santa Barbara and City of Buellton.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective on July 1, 2015.

APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:  
ROBERT W. GEIS, CPA  
AUDITOR-CONTROLLER

By \_\_\_\_\_  
Deputy County Counsel

By \_\_\_\_\_  
Deputy

RECOMMENDED FOR APPROVAL :  
DEPARTMENT OF BEHAVIORAL WELLNESS  
ALICE GLEGHORN, PH.D.  
DIRECTOR

APPROVED AS TO INSURANCE FORM:  
RAY AROMATORIO  
RISK MANAGER

By \_\_\_\_\_  
Director

By: \_\_\_\_\_  
Manager

**AGREEMENT**

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective on July 1, 2015.

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Marc Bierdzinski  
City Manager

**ATTEST:**

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Linda Reid  
City Clerk

**APPROVED AS TO FORM**

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Steve McEwen  
City Attorney

**EXHIBIT A**  
Statement of Work

**I. PROGRAM SUMMARY.** The Department of Behavioral Wellness shall provide Mobile Crisis services to all residents in all areas of the county through staffing of Mobile Crisis units. Mobile Crisis services may be provided by Triage Teams, Assertive Community Treatment (ACT) Team, Homeless outreach Team or Department of Behavioral Wellness clinic staff to clients who have a case file (episode) open to County.

**II. SERVICE PROCEDURE.**

A. County shall provide Mobile Crisis Services twenty-four (24) hours per day, seven (7) days per week, including appropriate psychiatric crisis intervention and stabilization services and emergency mental health evaluation, by responding in person or by telephone to suspected psychiatric emergencies presented by individuals over the age of 18, in all areas of Santa Barbara County, in all locations, including but not limited to residences, the field, clinics, emergency facilities, hospitals, and Santa Barbara County Jail – South County facility (4436 Calle Real, Santa Barbara). Additionally, individuals may receive Mobile Crisis Services in the County's Crisis Stabilization Unit (CSU) and Crisis Residential Respite House ("Crisis Res").

1. County shall respond as directed by the Santa Barbara County Public Safety Communications Center (hereafter "Dispatch"), hospital emergency rooms and other County mental health providers.

2. County will attempt to make initial contact with the reporting party to obtain preliminary information as required by Welfare and Institutions Code (WIC) §5150.05 that may impact the need for response, deployment of additional resources and/or to expedite resolution of the crisis.

3. For individuals experiencing psychiatric emergencies County will consult with the County On-call Psychiatrist, or Department of Behavioral Wellness Clinic Supervisor for review of the individual's condition and a determination of the individual's need for hospitalization, pursuant to WIC §5150. County will refer individuals not deemed to need hospitalization to appropriate resources.

4. Services provided by Mobile Crisis staff may include:

i. **Crisis intervention:** Crisis intervention is a service lasting less than 24 hours, to or on behalf of a client for a condition that requires a more timely response than a regularly scheduled visit, as defined in Title 9 CCR Section 1810.209. Service activities include, but are not limited to: assessment, collateral and therapy. Crisis intervention is distinguished from crisis stabilization by being delivered by providers who do not meet the crisis stabilization contact, site and staffing requirements as defined in Sections 1840.338 and 1840.348 (CCR). Contractor shall be available 24 hours per day, 7 days per week to provide crisis intervention services.

ii. **Case Management:** Services that assist a beneficiary to access needed medical, educational, social, prevocational, vocational, rehabilitative, or other community services. The service activities may include, but are not limited to, communication, coordination, and referral; monitoring service delivery to ensure beneficiary access to service and the service delivery system; monitoring of the

**EXHIBIT A**  
Statement of Work

beneficiary's progress; placement services; and plan development, as defined in Title 9 CCR Section 1810.249.

- iii. **Crisis Respite Residential Treatment Service:** Crisis Residential Treatment Services (CRTS) are therapeutic or rehabilitative services provided in a non-institutional residential setting. CRTS provide structured programs as an alternative to hospitalization for beneficiaries experiencing an acute psychiatric episode or crises that do not have medical complications requiring nursing care. CRTS offer a range of activities and services that support beneficiaries in their effort to restore, maintain, and apply interpersonal and independent living skills and to access community support systems. CRTS are available 24 hours a day, seven days a week. Activities may include (but are not limited to) Assessment, Plan Development, Therapy, Rehabilitation, Collateral, and Crisis Intervention. CRTS are provided in Social Rehabilitation Facilities licensed under the provisions of CCR Title 22, and certified under the provisions of CCR Title 9.
- 5. Upon Mobile Crisis contact with a client receiving Department of Behavioral Wellness outpatient services, the County Care Coordinator assigned to the client shall be notified immediately in the event of any of the following client indices: suicidal risk factors, homicidal risk factors, assaultive risk factors, medication side effect complaints or observations, behavioral symptoms presenting possible health problems, or any behavioral symptom that may affect their placement.
  - 6. County shall document services in County Management Information Services (MIS) system.
  - 7. County shall provide reports regarding Mobile Crisis Services to City upon written request. This information shall not include any client identifying information. Reports shall include:
    - i. Number of Mobile Crisis contacts;
    - ii. Number of minutes of crisis services provided in the field.
- B. County shall have primary responsibility to provide emergency mental health evaluation services described in this Exhibit A to Juvenile clients (up to 18 years of age) in a manner determined by County through a provider(s) authorized by County. County shall respond to suspected psychiatric emergencies presented by individuals under the age of 18 in hospital settings, or in the community when the primary provider is not available.

## Exhibit B

### PAYMENT ARRANGEMENTS

#### Periodic Compensation

1. For services to be rendered under this Contract, City shall pay County the total contract amount, not to exceed **\$8,262** during the term of the Agreement, per schedule in attached Exhibit B-1.
2. Payment for Mobile Crisis Services shall be based upon the Statement of Work as described in Exhibit A.
3. In consideration for County providing Mobile Crisis Services to citizens of Santa Barbara County, including City residents, and County providing reports to City, as described in Exhibit A, City shall pay County the annual contract maximum set forth on Exhibit B-1 during the term of this Agreement. The fees were calculated using the contribution City made in FY 2014-15 plus an adjustment applied to each year, based on Consumer Price Index for All Urban Consumers, Medical Care, which is 2.5% annually. The adjustment is added to keep pace with rising costs.
4. In order for payment to be made as set forth in this Exhibit B, section 3 above, County shall submit to City an invoice for services for each fiscal year under this Agreement no sooner than July 1 of the beginning of such fiscal year. Payment shall be made by City within thirty (30) days of presentation of invoice.
5. Payment Remittance: All payments should be remitted with a copy of the invoice to the following address:

Santa Barbara County  
Department of Behavioral Wellness  
Attn: Accounts Receivable  
300 N. San Antonio Road Bldg. 3  
Santa Barbara, CA 93110

**Exhibit B-1  
Schedule of Fees**

<b>Year</b>	<b>Contract Period</b>	<b>Annual Contract Maximum</b>
1	July 1, 2015 to June 30, 2016	\$2,686
2	July 1, 2016 to June 30, 2017	\$2,754
3	July 1, 2017 to June 30, 2018	\$2,822
<b>Total Contract Maximum</b>		<b>\$8,262</b>

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 5

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: March 10, 2016

Subject: Resolution No. 16-03 - “A Resolution of the City Council of the City of Buellton, California, Adopting the Measure A Five-Year Local Program of Projects for Fiscal Years 2016/17 - 2020/21”

---

**BACKGROUND**

On November 4, 2008, the voters of the County of Santa Barbara approved Measure A – the Road Repair, Traffic Relief and Transportation Safety Measure. As a result, the local sales tax rate was continued countywide by ½ cent effective April 1, 2010. The transportation sales tax will remain in effect for 30 years, with the revenues being allocated for transportation improvements identified in the Measure A Investment Plan. Any projects funded with Measure A revenues must be identified in the five-year Measure A Program of Projects (POP).

The five-year POP must be approved through a public hearing and the approved program must be forwarded to the Santa Barbara County Association of Governments by April 15, 2016.

The Measure A funds have been used to supplement the City’s local general funds allocated to its road maintenance, striping, sidewalk improvements and transit subsidy. The City has used Measure A funds to subsidize the Dial-A-Ride program, part of the Santa Ynez Valley Transit operations, which is funded by the Cities of Solvang and Buellton and the County of Santa Barbara. The subsidy reduces the fare from \$2.25 to \$1.25, equivalent to the senior fixed route fare.

The City will continue to utilize Measure A Funds to support other City transit obligations such as the Wine Country Express and Breeze 200. Historically, the City has utilized General Fund to support transit since all of its TDA allocations are provided to the City of Solvang for operation of the Santa Ynez Valley Transit. The City is required to provide a minimum of 5% of its Measure A local fund towards alternative transportation.

During the April 10, 2014 Council meeting, Council discussed the potential to utilize local Measure A funds towards its Bicycle and Pedestrian Master Plan implementation, specifically the proposed multi-purpose trail along the south city limits. These would be eligible uses and upon actual expenditure would be counted towards the City's requirement for alternative transportation. As part of this five year POP, staff has continued to identify \$10,000 each fiscal year to allocate towards this future project.

Exhibit "A" within Resolution No. 16-03 provides the estimate of Measure A revenues and the proposed maintenance and transit allocations for the next 5 years.

### **FISCAL IMPACT**

Each year the City of Buellton receives a portion of the revenues derived from Measure A sales tax receipts based on population. Estimated revenue anticipated from Measure A for the next five year period is approximately \$1,742,617. The annual allocations estimated are as follows:

FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
\$341,729	\$336,593	\$345,127	\$354,067	\$365,101

### **RECOMMENDATION**

That the City Council consider approval of Resolution No. 16-03 – "A Resolution of the City Council of the City of Buellton, California, Adopting the Measure A Five-Year Local Program of Projects for Fiscal Years 2016/17 - 2020/21"

### **ATTACHMENT**

Resolution No. 16-03 - (Exhibit A - Buellton Measure A Local Program of Projects for FY 2016/2017 – 2020/2021)

**RESOLUTION NO. 16-03**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF BUELLTON, CALIFORNIA,  
ADOPTING THE MEASURE A FIVE-YEAR LOCAL  
PROGRAM OF PROJECTS FOR FISCAL YEARS 2016/17 -  
2020/21**

**A. Recitals**

**WHEREAS**, on November 4, 2008, the voters of Santa Barbara County (“County”) approved Ordinance No. 5, the Road Repair, Traffic Relief and Transportation Safety Measure known as Measure A; and

**WHEREAS**, the Ordinance provides that the County Local Transportation Authority shall annually approve a program of projects submitted by local jurisdictions identifying those transportation projects eligible for Measure A funds during the succeeding five-year period; and

**WHEREAS**, the City of Buellton was provided with an estimate of annual Measure A local revenues for Fiscal Years 2016/17 - 2020/21; and

**WHEREAS**, on March 10, 2016, the City of Buellton conducted and concluded a duly noticed public hearing in accordance with Section 18 of the Ordinance prior to the adoption of this Resolution; and

**WHEREAS**, all legal prerequisites have occurred prior to the adoption of this resolution.

**B. Resolution. NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Buellton as follows:

**SECTION 1.** The City Council finds that all of the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution.

**SECTION 2.** The City of Buellton does hereby adopt the attached Five-Year Program for Projects (Exhibit “A”) to be funded in part with Measure A revenues.

**SECTION 3.** The City of Buellton certifies that it will include in its budget an amount of local discretionary funding for local streets and roads sufficient to comply with the Maintenance of Effort requirements contained in Section 27 of the Ordinance.

**SECTION 4.** The City of Buellton will not use Measure A revenues to replace private developer funding which has been committed to a transportation project or would otherwise be required under current City policies.

**SECTION 5.** The City of Buellton has complied with all other applicable provisions and requirements of the Ordinance.

**SECTION 6.** The City Clerk shall certify to the adoption of this Resolution.

**PASSED, APPROVED and ADOPTED** this 10<sup>th</sup> day of March 2016.

---

Ed Andrisek  
Mayor

ATTEST:

---

Linda Reid  
City Clerk



**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 6

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: March 10, 2016

Subject: Discussion Regarding the Status of Street Lights on Industrial Way

---

**BACKGROUND**

During the February 27, 2014 Council meeting, Council directed staff to initiate an application with PG&E for street lights on Industrial Way. At that time, the submittal was made under the premise that the final products would be owned and maintained by PG&E. Council's original direction was to incorporate decorative lighting fixtures and no overhead cobra lighting.

During the September 11, 2014 Council meeting, Council received an update that, to the extent the City wanted PG&E to own and maintain the lights, the standard cobra head lighting was the only LED option. The option to utilize decorative lighting fixtures is available, but only if constructed, installed and maintained by the City. Council had affirmed the direction towards PG&E owned and maintained lights.

Over the past year, PG&E and staff have been coordinating regarding design, placement and wattage of the proposed street lights. Due to location of power source and utility conflicts along the east side, PG&E will place the street lights along the west side of Industrial Way. There will be approximately 18 street lights, placed at approximately 100-foot intervals. We have requested a reduced wattage of 100 watts (LED) for this area, to address concerns regarding brightness. We do not recommend the lowest wattage of 70 due to the restriction of lights to one side of the street and may not be sufficient to provide lighting coverage over the road.

At this time, we have not yet received draft plans or cost estimate from PG&E, the project is still under design. PG&E has informed the City that an easement needs to be obtained in order to accommodate a power source towards the south of Industrial Way. PG&E will prepare all the required easement documents and has requested that the City coordinate with the property owner to obtain the easement on PG&E's behalf. This work is underway. As soon as positive reply is received by PG&E on the easement, they will be able to continue the design. As the final step in this design phase, PG&E will prepare the electrical plans and cost estimate for the electrical work. Subsequently, the City will then prepare the civil plans and specifications for the project bidding.

**FISCAL IMPACT**

The 2015/16 Fiscal Year Budget includes \$100,000 in Capital Projects for Street Lights in Industrial Way, which has been carried over since 2014/15. This cost is only estimated for the engineering phase of the project.

As discussed previously, PG&E will be able to provide a cost estimate upon completion of their design. Staff's preliminary estimate based on the latest design information for projected construction cost is approximately \$400,000.

We anticipate receiving PG&E's rough estimate in the next couple of months so we can include in the City's 2016/17 Fiscal Year Budget.

**RECOMMENDATION**

That the City Council receive the project update regarding street lights on Industrial Way.

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 7

To: The Honorable Mayor and City Council

From: Marc Bierdzinski, City Manager

Meeting Date: March 10, 2016

Subject: Discussion Regarding Safety Issues Associated with the Village Townhomes Bicycle/Walking Path

---

**BACKGROUND**

The City Council requested a discussion of the terminus of the Village Townhomes bike/pedestrian path at McMurray Road. Attachment 1 is an enlargement of that area.

The bike/pedestrian path intersects the north-south sidewalk along McMurray Road. As can be seen on Attachment 1, the area at the terminus contains a landscape bulb-out with shrubs and a tree. Therefore, it would be difficult for bicyclists and pedestrians to immediately continue across McMurray Road in this area. They would have to go north or south on the sidewalk to cross McMurray Road. Based on this, the City would not incur liability if someone were to cross mid-block. Also, the City has no control over persons that choose to cross mid-block. The City can only design to minimize the opportunities.

The City Council could choose to add a barrier and a sign at the terminus of the bike/pedestrian path that directs people to the north and south. However, staff feels that the shrubbery and tree accomplish the same goal and is more aesthetically pleasing than more signage.

**FISCAL IMPACT**

A minor fiscal impact if a barrier and signage is installed.

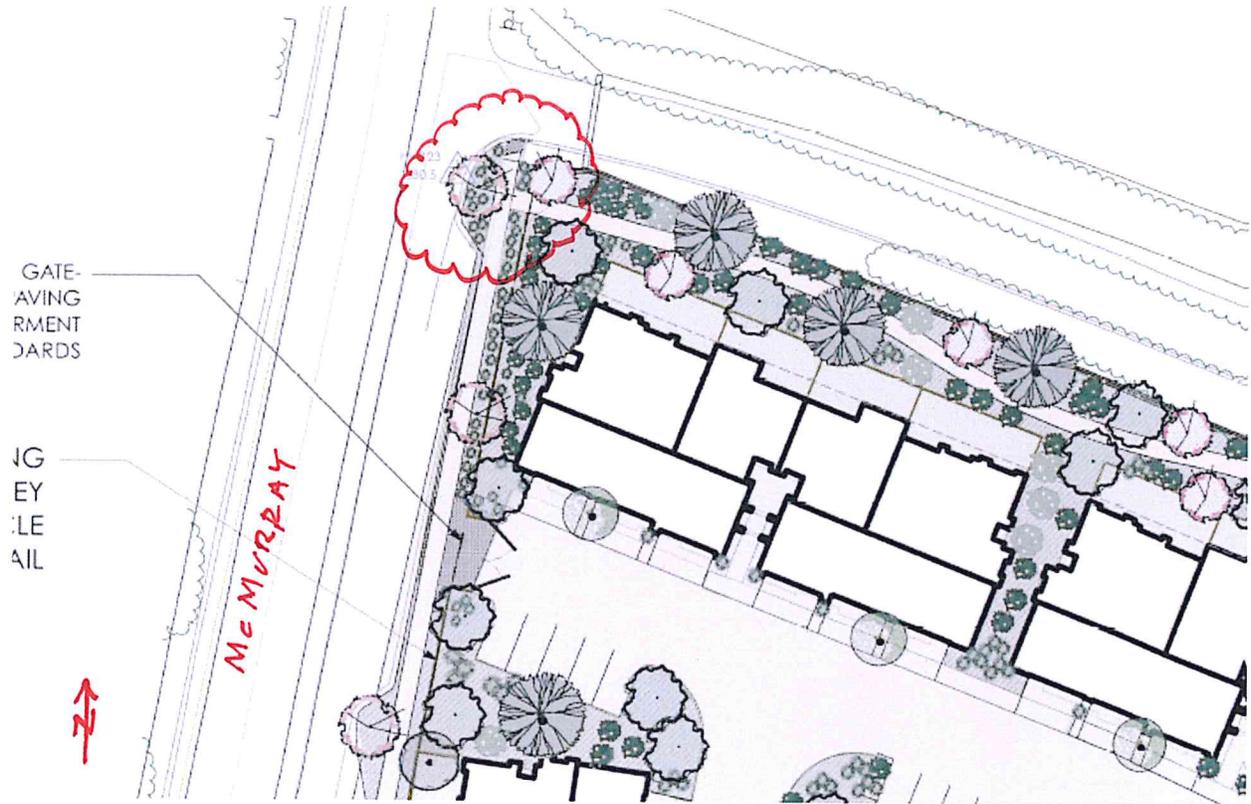
**RECOMMENDATION**

That the City Council provide direction to staff on the terminus of the bike/pedestrian path at McMurray Road.

**ATTACHMENT**

Attachment 1 – Map of Bike/Pedestrian Path

# ATTACHMENT 1



**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 8

To: The Honorable Mayor and City Council

From: Marc Bierdzinski, City Manager

Meeting Date: March 10, 2016

Subject: Discussion Regarding a Policy on Dealing with Anonymous Correspondence

---

**BACKGROUND**

The City Council requested a discussion regarding anonymous correspondence. In the past, the City has dealt with anonymous correspondence on a case-by-case basis. Anonymous correspondence can cover a range of subjects and come in many different forms, such as code enforcement complaints, general policy questions, criticism of local officials, and concerns about issues facing the City. The City's response, if any, to anonymous correspondence has been dependent on the circumstances of each situation.

Staff, after consultation with the City Attorney, recommends continuing the policy of responding to anonymous correspondence on a case-by-case basis. Anonymous correspondence to government officials is a quintessential First Amendment activity which allows members of the public to express themselves on important issues and seek redress from their elected officials without fear of embarrassment or unwanted attention. Some anonymous letters may alert the City to potential issues that require immediate attention, such as a building and safety hazard or a dangerous condition of public property. In those situations, the City may need to act quickly to assess the risks, protect the public, and/or avoid liability. City staff needs flexibility to assess such letters as they arrive and make decisions about the best course of action. A blanket policy could unduly limit the City's ability to respond to issues raised in anonymous letters. A case-by-case approach on anonymous correspondence would best protect the City's interests.

**FISCAL IMPACT**

The fiscal impact to the City regarding responding to anonymous correspondence varies by the type and nature of the correspondence. Costs are higher if the City Attorney is asked to perform research.

**RECOMMENDATION**

That the City Council provide policy direction to staff.

**CITY OF BUELLTON**  
City Council Agenda Staff Report

City Manager Review: MPB  
Council Agenda Item No.: 9

To: The Honorable Mayor and City Council

From: Carolyn Galloway-Cooper, Finance Director

Meeting Date: March 10, 2016

Subject: Review of Comprehensive Annual Financial Report (CAFR) for  
Fiscal Year Ending June 30, 2015

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**BACKGROUND**

Staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year July 1, 2014 through June 30, 2015. Although submitted to the Mayor and City Council for consideration, the CAFR is also intended to provide relevant financial information to the residents of Buellton, taxpayers, creditors, investors and other interested parties.

The CAFR was prepared at the request of the City Manager to ensure a more comprehensive financial presentation of the City's fiscal position which provides a broader scope than the basic audited financial statements prepared in the past. In fiscal years 2012-13 and 2013-14, the City won an award for the CAFR. We will continue to prepare and submit the CAFR to the Government Finance Officers Association in anticipation of receiving the Certificate of Achievement for Excellence in Financial Reporting each year.

The City contracted with JJACPA, Inc., a Certified Public Accountant licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2014-2015 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

The CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of City services and specifics of the City's legal operating environment.

- The Finance Section includes Management's Discussion & Analysis, Basic Financial Statements, Notes to the Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present financial information for each of the City's major funds, non-major governmental funds, as well as propriety funds, internal service funds and fiduciary funds. This section also contains the independent auditor's report on the Basic Financial Statements.
- The Statistical Section presents up to ten year of detailed statistical data on the City's financial trends, revenue capacity, debt capacity, demographic and economic financial statements and note disclosures.

### **FISCAL IMPACT**

There is no fiscal impact to the City as a result of approving the 2014-15 CAFR.

### **RECOMMENDATION**

That the City Council review and file the Comprehensive Annual Financial Report for Fiscal Year ending June 30, 2015.

### **ATTACHMENT**

Attachment 1 – Comprehensive Annual Financial Report for June 30, 2015



**2015**

# **Comprehensive Annual Financial Report**

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Buellton City Hall Drought Resistant Landscape

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**Fiscal Year Ended June 30, 2015  
Buellton, California**

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2015

# Comprehensive Annual Financial Report

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**Fiscal Year Ended June 30, 2015**  
**Buellton, California**

Prepared by:

**Carolyn Galloway-Cooper, CPA**  
**Finance Director**

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January 29, 2016

To the Honorable Mayor, Members of the City Council and Citizens of the City of Buellton:

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) of the City of Buellton (“City”) for the fiscal year July 1, 2014 through June 30, 2015. Although submitted to the Mayor and City Council (“Council”) for consideration, the CAFR is also intended to provide relevant financial information to the residents of Buellton, taxpayers, creditors, investors and other interested parties.

The letter of transmittal provides a non-technical summary of City finances, services, achievements and economic prospects. We ask that readers who wish a more detailed discussion of the City’s financial results refer to Management’s Discussion & Analysis (“MD&A”). State law requires that every general purpose local government publish, within twelve months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

The City Administration is responsible for the accuracy of the information contained in this report, the adequacy of its disclosures and the fairness of its presentation. We believe this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect City assets from loss to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

The City contracted with JJACPA, Inc., a Certified Public Accountant licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City’s financial statements for fiscal year 2014-2015 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or “clean” opinion. The independent auditor’s report is included in the Financial Section of this report.

## **REPORTING ENTITY**

The City of Buellton has operated under the Council-Manager form of government since 1992. The Mayor and Council form the legislative body that represents the community and is empowered to formulate citywide policy. Council members serve four-year terms, with three members elected every two years. The Mayor is appointed by the Council but will change because the voters recently passed a measure that requires the Mayor to be elected for a two-year term starting in 2016. The City Manager is appointed by the Council and serves as the chief administrative officer of the organization responsible for the administration of City affairs, day-to-day operations and implementation of Council policies. In addition to the City Manager, the City Attorney is appointed by and reports directly to the Council.

The City of Buellton, California incorporated in 1992 and is in the central coast part of the state in the Santa Ynez Valley. It is located at the regional intersection of Highways 101 and 246 about 45 miles North of the City of Santa Barbara. Buellton occupies an area of 1.6 miles and serves a population of about 4,900 consisting of 1,800 households within the City. Thousands of travelers have come to know Buellton as the Home of the Original Split Pea Soup, giving credit to Anderson's Split Pea Soup Restaurant. The City is surrounded by cattle ranches, the beautiful Santa Ynez Mountains, vineyards and wineries. No longer merely a crossroads stop for tourists and travelers, the City has evolved into a highly desirable place to live and work. Buellton's scenic biking routes, hiking trails and wine trails are a popular recreational attraction. The botanical gardens at Riverview Park are a picturesque vista for locals and tourists alike.

The City of Buellton provides a full range of services, including police and fire protection; refuse collection; off-street parking; building inspections; licenses and permits; the construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; library services; low-income housing; and transit services. The City contracts with the County of Santa Barbara for Police and Fire services. Refuse collection services are under contract with Marborg Industries. Water distribution and sanitary sewer services are provided through departments of the City of Buellton and are maintained as separate funds in the proprietary section of these financial statements.

The CAFR includes all funds of the City, as well as all governmental organizations and activities for which the Council has financial accountability. These organizations include the Successor Agency to the Redevelopment Agency of the City of Buellton.

## **ECONOMIC CONDITION AND FISCAL OUTLOOK**

Fiscal year 2014-15 ended with a continued solid growth in a number of revenue categories such as Sales Tax and Transient Occupancy Tax. With revenue increases from a stronger economy and the careful management of expenses, the City's budget continued to be on target in 2014-15. Transient Occupancy Tax increased due to increased occupancy rates. The City experienced strong sales tax revenue increases in Auto and Transportation and Building and Construction. The Business and Industry category outpaced all groups, rising over 50 percent. Other categories such as property tax measured slightly lower than expected at 97 percent of budget. Future growth is anticipated in this category with an approved housing development at the City's Crossroads location. The Village Town Homes will include 156-unit townhome project, and a senior citizen apartment complex and commercial development will be coming on-line in the near future.

The 2014-15 Adopted Budget was developed with the assumption of continued economic strength. Economic indicators and actual revenue performance supported this assumption during 2014-15. The City Council adopted a balanced budget which anticipated an operating budget maintaining City services and allowing for incremental increases in employee compensation. The City prioritized funding Buellton library services with a contribution to the Lompoc Library System. The oversight of the library will change from Lompoc to the Santa Barbara system starting in 2015-16. Community Organization Support increased slightly over the prior year with contributions to the Senior Center, People Helping People, Food Bank of Santa Barbara County and Santa Ynez Valley Fruit and Vegetable Rescue. Funding was provided to the Buellton Visitor's Bureau to promote tourism and economic development. The payment is based on a percentage of Transient Occupancy Tax received and increases proportionately with increases in Transient Occupancy Tax revenue.

The City attracts a significant visitor population and numerous employees coming from neighboring Santa Barbara County jurisdictions. Employment is concentrated within accommodation and food services, manufacturing, retail trade and agriculture. The median household income is \$68,480 in Buellton compared to \$61,400 for California and \$53,046 for the United States. The households are mostly owner-occupied, newer housing. There is a large mobile home population consisting of about 20% of the population. The annual population growth rate through 2017 is expected to be .65 percent per year. According to Zillow Home Value Index, median home value for Buellton \$516,200 while California experienced a median value of \$449,500. The median home value for Santa Barbara County compares at \$545,400. All median home values for Buellton, Santa Barbara County and California were up from the prior year.

The unemployment rate in Buellton ended the fiscal year at 5.3 percent, slightly lower than the same period in the prior year. This rate continues to remain well below California. According to the Bureau of Labor Statistics (BLS), the unemployment rate for California in June 2015 is 6.2 percent. The National Unemployment Rate was lower than California at 5.3 percent.

### **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

Examples of Long-Term Financial Planning and Major Initiatives for the fiscal year ended June 30, 2015. Include the following:

- ◆ The City's Economic Development Task Force continued to work with the City's Economic consultant, Kosmont Companies. Consideration of a variety of economic development initiatives will allow the City to bring development projects that will expand the tax base and provide cash flow for funding the City's business plan.
- ◆ Starting in March 2015, two public workshops were held for the Avenue of Flags Specific Plan. The "Avenue" is located in the heart of Buellton's downtown and a focal point of economic development.
- ◆ In May 2015, Earth Day at River View Park and Botanic Garden provided a host of activities for all ages to celebrate the wonders of living on planet Earth.
- ◆ In May 2015, the City submitted an annual report demonstrating water savings from June – November compared to 2013 usage. The City continues to outreach regarding conservation measures. City Hall landscape renovations are planned to replace grass with drought tolerant landscape. Landscape rebate grants were implemented with flyers inserted in monthly water bills.
- ◆ On June 20, 2015, the 4<sup>th</sup> Annual Firestone 805 Avenue of the Flags Criterium event took place in downtown Buellton. The event is designed for the community with free kids' races, expo booths, food, a Firestone Walker 805 Beer Garden in addition to a really fast and exciting short track, NASCAR-style bicycle racing. Kids' bounce houses and plenty of food and drink were available.

## CAPITAL IMPROVEMENT PLAN

The use of a Capital Improvement Fund not only tracks costs but guides the City in the planning, scheduling and budgeting of capital improvement projects. The City has completed the development of Five-Year CIP and included it in budget year 2015-16. The City-wide capital improvement budget summarizes each project by “start date” and “end date. The CIP is updated annually and approved by Council. The CIP is the blueprint for resource investments to improve and rehabilitate existing public infrastructure while also making targeted investments that align with the City’s expansion plans. In total, the City’s 2015-16 CIP budget was equal to \$3.5 million and reflects a 25% increase from 2014-15. The CIP includes large investments to upgrade Water and Wastewater Treatment facilities and infrastructure upgrades such as Streets and Sidewalks.

Key components of the 2015-2020 Adopted Capital Improvement Program include:

- Circulation Improvements – Town Center Driveway was completed in 2014-15, McMurray Road Widening, Avenue of Flags Park and Ride structure and Bus Shelter improvements are still in progress with incremental progress assisting with traffic flow. The Majority of funding is through City General Fund and property owners benefitting at the Town Center project.
- Financial Accounting/Utility Billing Software Upgrade – Project to be completed in 2015-16. Total funding of \$150,000 replaced a ten year old software system. This technology upgrade is expected to improve utility billing efficiency for customers and save time for employees.
- Road Maintenance and Storm Drain Retrofit – Phase III Highway 246 Pedestrian Crossing and Street and Pavement rehabilitation activities are ongoing. The majority of this funding is through Measure A and Gas Tax with a contractor reimbursement of almost \$8,000 for Phase III Highway 246 Pedestrian Crossing received in 2014-15.
- Water Treatment Plant Capital Program – Water Facilities, Reservoirs 1 & 2 and Water Treatment Plant Pump Booster Reliability Project, Backwash Reclamation, Recycled Water Study, Water Distribution and Water Meter upgrades. This level of funding did not require a rate increase in 2014-15 but is anticipated in 2016-17.
- Sanitary Sewer System Capital Program –Sewer Collection System (CCTV) project, Sewer Line Replacement, Lift Station Security project, a Pilot Project (no cost to City), Sewer Jetter, Recycled Water (Joint project with Water Treatment Plan) and Head-Works Improvement. This level of funding did not require a rate increase but may be reviewed in 2015-16.
- Parks, Facilities and Miscellaneous – Paws Park Grass, Riverview Park Pedestrian/Sidewalk, Santa Ynez River Trail, Village Park (Combine funding with Developer). Facilities Maintenance and Painting.

## FINANCIAL INFORMATION

### *Budgetary Controls*

The City maintains budgetary controls through the City council’s adoption of an annual balanced budget. Expenditures for City operations cannot exceed revenues. The budgeted amounts approved in the annual budget are recorded in the City’s accounting system for each fund. Fund level monitoring is performed monthly. Quarterly reports to Council include budget versus actual trend analysis. Budget amendments are submitted to Council when a fund’s actual expenditures are expected to exceed budget.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

### ***Cash and Investment Policy***

The City invests unreserved idle cash in order to enhance the economic status of the City while protecting its pooled cash. The City's Investment Policy is to exercise prudent judgment and care when investing. The criteria for selecting investments and the order of priority are Safety, Liquidity and Yield. The city attempts to obtain the highest yield obtainable as long as investments meet the criteria established for safety and liquidity. The Statement of Investment Policy is updated annually and approved by the City Council.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the past two fiscal years ended June 30, 2013 and June 30, 2014. Fiscal year 2014-15 was the second year the City has received this prestigious award. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such report must satisfy accounting principles generally accepted in the United States of America, as well as all applicable legal requirements.

A Certificate of Achievement is valid for only one year. The City believes this CAFR continues to conform to the Certificate of Achievement Program requirements and will be submitting it to the GFOA for consideration of the annual award.

### **ACKNOWLEDGMENTS**

The preparation of the CAFR represents the culmination of a concerted team effort by the entire staff of the Finance Department. Many members of the Departments demonstrated commendable dedication and long days of focused attention to produce this document.

In addition, staff in all City departments and the Successor Agency should be recognized. The City also recognizes the contributions and positive working relationship with JJACPA, Inc.

On behalf of the entire Finance staff, we express our appreciation to the Mayor and City Council for providing policy direction and support for achieving financial excellence in all aspects of financial reporting.

Respectfully Submitted,



Carolyn Galloway-Cooper, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

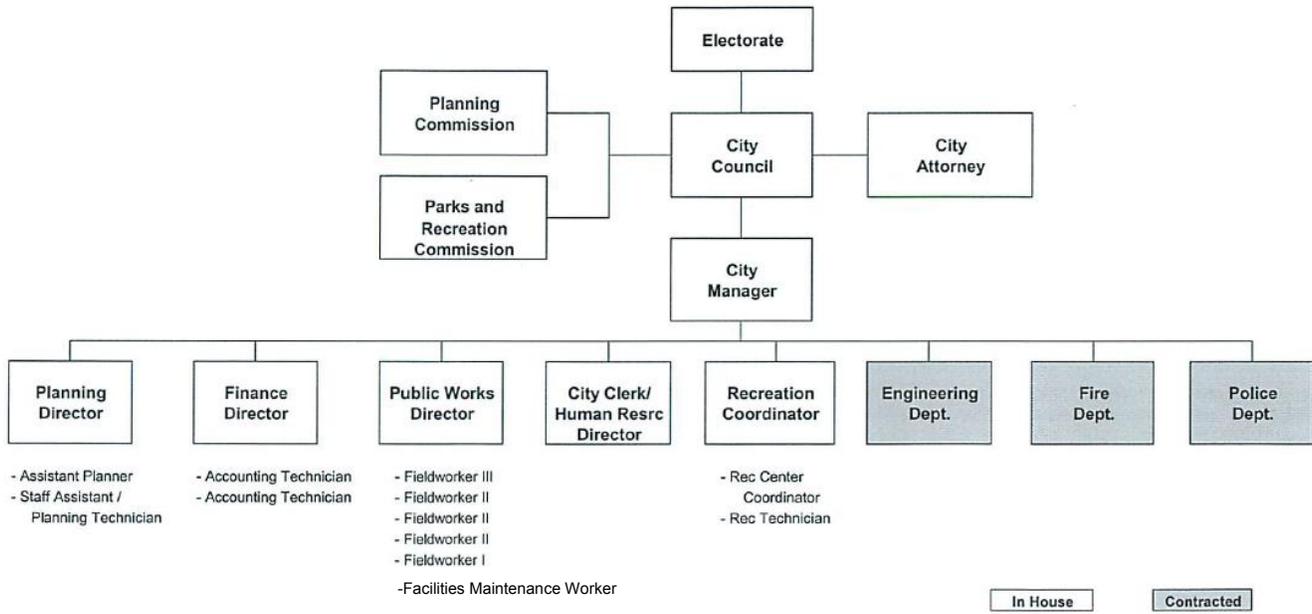
Presented to

**City of Buellton  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



## ***CITY COUNCIL***

- Holly Sierra, Mayor
- Ed Andrisek, Vice Mayor
- John Connolly
- Leo Elovitz
- Dan Baumann

## ***CITY OFFICIALS***

- Marc Bierdzinski, City Manager/Planning Director
- Carolyn Galloway-Cooper, CPA, Finance Director
- Rose Hess, Public Works Director/ City Engineer
- Linda Reid, City Clerk/ Human Resources Director
- Kyle Abello, Parks & Recreation Coordinator
- Barbara Knecht, Recreation Center Coordinator

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
of the City of Buellton  
Buellton, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Buellton, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Honorable Mayor and City Council  
of the City of Buellton  
Buellton, California  
Page 2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Buellton, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements, introductory, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and City Council  
of the City of Buellton  
Buellton, California  
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Implementation of New Accounting Standards***

As disclosed in the Note 1 to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City’s internal control over financial reporting and compliance.

January 29, 2016

***JJACPA, Inc.***

**JJACPA, Inc.  
Dublin, CA**

This section provides a narrative overview and analysis of the financial activities of the City of Buellton (City) for the fiscal year ended June 30, 2015. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

## **FINANCIAL HIGHLIGHTS**

- The assets of the City of Buellton exceeded its liabilities at the close of the most recent fiscal year by \$39,029,991 (net position). Of this amount, \$7,821,325 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Government's total Net Position increased by \$84,310. This increase is attributable to an increase in grants for business-type activities along with an increase in Transient Occupancy Tax for governmental activities. Governmental activities experienced a reduction in expenses which enhanced the increase in net position. A summary of transactions reflecting Net Position is found on page 8 of this report.
- As of the close of the current fiscal year, the City of Buellton's governmental funds reported combined ending fund balances of \$13,986,666, a decrease of \$73,887 in comparison with the prior fiscal year. Approximately 45 percent of this total amount, \$6,289,573 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, there was an unassigned fund balance for the general fund of \$6,482,765, of which \$3,200,000 is estimated by management to be "spendable" as shown in the adopted fiscal year 2015-16 City budget. There is \$3,282,765 included in the \$6,482,765 General Fund "unassigned" fund balance figure that is not spendable or available.

## OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes general information;
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.
- 3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health.

### The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

### The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ◆ **Governmental activities** – All of the City's basic services are considered to be governmental activities, including general government, community development, culture and leisure, public safety, and public works. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.

## OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued

### The Government-wide Financial Statements, Continued

- ◆ **Business-type activities** – All the City’s enterprise activities are reported here, including Water and Wastewater. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City’s most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City’s activities.

## **OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued**

### **Fund Financial Statements, Continued**

For the fiscal year ended June 30, 2015, the City's major funds are as follows:

#### **GOVERNMENTAL FUNDS:**

- ◆ General Fund
- ◆ Traffic Mitigation Special Revenue Fund
- ◆ Transportation Planning Special Revenue Fund
- ◆ General Capital Projects Fund

#### **PROPRIETARY FUNDS:**

- ◆ Water Enterprise Fund
- ◆ Wastewater Enterprise Fund

***Proprietary funds.*** The City maintains Enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Wastewater operations. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail.

***Fiduciary funds.*** The City maintains one private-purpose trust fund and one agency fiduciary fund. The agency funds are used to account for resources held for the benefit of parties outside the government. Since agency funds are custodial in nature, (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Private-purpose trust funds are not reflected in the government-wide financial statements for this reason.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 49–86 of this report.

### **Combining and Individual Fund Financial Statements and Schedules**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 92–100 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position.

In the case of the City, assets exceeded liabilities by \$32,029,991 as of June 30, 2015.

The Summary of Net Position as of June 30, 2015, and 2014, follows:

	Summary of Net Position					
	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 12,761,135	\$ 4,318,122	\$ 17,079,257	\$ 12,193,361	\$ 5,112,435	\$ 17,305,796
Noncurrent assets	1,876,208	-	1,876,208	1,876,208	-	1,876,208
Capital assets	18,152,109	5,573,002	23,725,111	17,499,108	5,555,611	23,054,719
Deferred outflows of resources	178,731	56,017	234,748	-	-	-
Total assets and deferred outflows of resources	<u>32,968,183</u>	<u>9,947,141</u>	<u>42,915,324</u>	<u>31,568,677</u>	<u>10,668,046</u>	<u>42,236,723</u>
Current and other liabilities	650,677	337,494	988,171	331,103	95,022	426,125
Noncurrent liabilities	2,064,548	432,633	2,497,181	841,632	126,416	968,048
Deferred inflows of resources	304,536	95,445	399,981	-	-	-
Total liabilities	<u>3,019,761</u>	<u>865,572</u>	<u>3,885,333</u>	<u>1,172,735</u>	<u>221,438</u>	<u>1,394,173</u>
Net Position:						
Net investment in capital assets	18,152,109	5,573,002	23,725,111	17,499,108	5,555,611	23,054,719
Restricted	7,483,555	-	7,483,555	7,986,418	-	7,986,418
Unrestricted	4,312,758	3,508,567	7,821,325	5,301,357	4,218,343	9,519,700
<b>Total net position</b>	<u>\$ 29,948,422</u>	<u>\$ 9,081,569</u>	<u>\$ 39,029,991</u>	<u>\$ 30,786,883</u>	<u>\$ 9,773,954</u>	<u>\$ 40,560,837</u>

Net Position increased by \$84,310. This increase is attributable to an increase in grants for business-type activities along with an increase in Transient Occupancy Tax for governmental activities. Governmental activities experienced a reduction in expenses which enhanced the increase in net position.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in Net Position for the fiscal years ended June 30, 2015, and 2014, follows:

	Changes in Net Position					
	2015			2014		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 460,223	\$ 2,170,416	\$ 2,630,639	\$ 388,450	\$ 2,245,135	\$ 2,633,585
Grants and contributions:						
Operating	555,856	293,817	849,673	639,327	1,699	641,026
Capital	-	-	-	-	-	-
General revenues:						
Secured and unsecured property taxes	1,146,289	-	1,146,289	1,116,510	-	1,116,510
Sales and use tax	1,943,723	-	1,943,723	1,935,411	-	1,935,411
Transient lodging tax	1,830,275	-	1,830,275	1,604,086	-	1,604,086
Franchise taxes	418,586	-	418,586	216,444	-	216,444
Other taxes	220,140	-	220,140	387,905	-	387,905
Investment income	107,885	8,146	116,031	41,160	7,932	49,092
Other general revenues	54,257	-	54,257	1,192	-	1,192
Total revenues	<u>6,737,234</u>	<u>2,472,379</u>	<u>9,209,613</u>	<u>6,330,485</u>	<u>2,254,766</u>	<u>8,585,251</u>
Expenses:						
Governmental activities:						
General government	783,769	-	783,769	1,771,834	-	1,771,834
Community development	1,192,571	-	1,192,571	469,675	-	469,675
Culture and leisure	607,761	-	607,761	595,098	-	595,098
Public safety	1,801,989	-	1,801,989	1,792,569	-	1,792,569
Public works	1,959,864	-	1,959,864	2,568,183	-	2,568,183
Business-type activities:						
Water	-	1,822,088	1,822,088	-	1,679,681	1,679,681
Sewer	-	957,261	957,261	-	453,728	453,728
Total expenses	<u>6,345,954</u>	<u>2,779,349</u>	<u>9,125,303</u>	<u>7,197,359</u>	<u>2,133,409</u>	<u>9,330,768</u>
Excess (Deficiency) of revenues over expenses before transfers	391,280	(306,970)	84,310	(866,874)	121,357	(745,517)
Transfers from fiduciary activities	-	-	-	59,073	-	59,073
Transfers	-	-	-	626,822	(626,822)	-
Change in net position	391,280	(306,970)	84,310	(180,979)	(505,465)	(686,444)
Net position:						
Beginning of year	30,786,883	9,773,954	40,560,837	429,906,184	822,274	430,728,458
Adjustments	(1,229,741)	(385,415)	(1,615,156)	-	-	-
Beginning of year, as adjusted	<u>29,557,142</u>	<u>9,388,539</u>	<u>38,945,681</u>	<u>429,906,184</u>	<u>822,274</u>	<u>430,728,458</u>
End of year	<u>\$ 29,948,422</u>	<u>\$ 9,081,569</u>	<u>\$ 39,029,991</u>	<u>\$ 429,725,205</u>	<u>\$ 316,809</u>	<u>\$ 430,042,014</u>

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

### **Revenues**

The City's total revenues for governmental and business-type activities were \$9,209,613 for the fiscal year ended June 30, 2015. Approximately 63% or \$5,769,960 of the City's key revenues is generated from four major sources.

The following discusses variances in key revenues from the prior fiscal year:

- 1. Sales and Use Taxes** – The less than 1% positive change in sales and use tax was mainly due to local vendors maintaining retail sales growth and an overall generally improving economy in California.
- 2. Secured and Unsecured Property Taxes** – Annual receipts increased by approximately 3%, due to slowly recovering property values in Santa Barbara County and throughout the state. The positive trend is expected to continue.
- 3. Grants and Contributions – Governmental and Business-Type Activities Operating** – Grants continue to be a source of revenue for public works uses under Business and Governmental-type activities. Contributions from contractors were maintained in 2015 while revenue grew from grants. This was mainly due to street, road, and community enhancement operating grants for maintenance and operations renewed in the current year.
- 4. Transient Occupancy Tax – Governmental Activities Operating** – This revenue source is a major component and top revenue source of the City's General Fund. The City experienced TOT revenue streams in excess of budget at 114 percent and expects stronger trends in 2015-16. The Hampton Inn is under construction and will be added to the TOT list next fiscal year.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

### Expenses

Governmental and business-type activity expenses of the City for the year totaled \$9,125,303. Governmental activity expenses totaled \$6,345,934 or about 70% of total expenses. Business-type activities incurred \$2,779,349 of expenses during the fiscal year. Public Works costs of \$1,959,864 represented almost 31% of total governmental activities expenses, which represented the largest single expense for governmental activities.

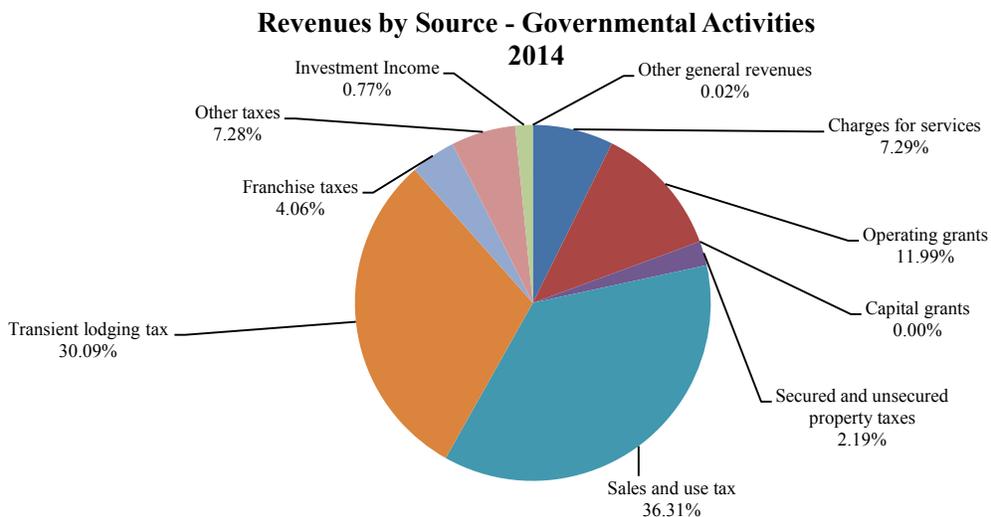
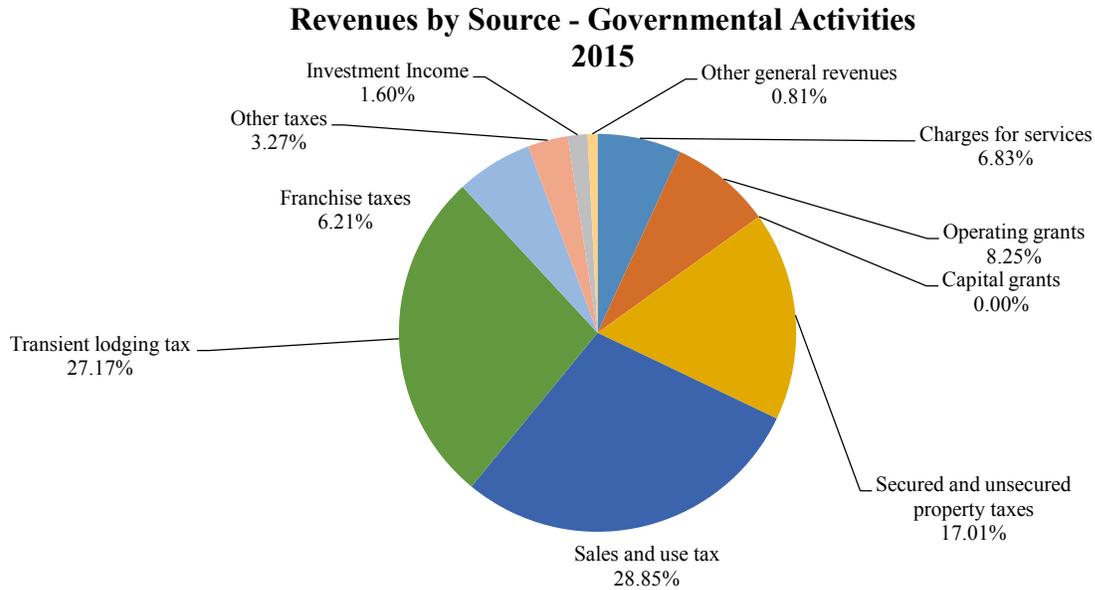
### Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2015, and 2014, are as follows:

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 783,769	\$ 774,674	\$ 1,771,834	\$ 1,637,208
Community development	1,192,571	1,192,571	469,675	469,675
Culture and leisure	607,761	301,201	595,098	323,867
Public safety	1,801,989	1,764,395	1,792,569	1,754,440
Public works	1,959,864	1,297,034	2,568,183	1,984,392
Total	<u>\$ 6,345,954</u>	<u>\$ 5,329,875</u>	<u>\$ 7,197,359</u>	<u>\$ 6,169,582</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

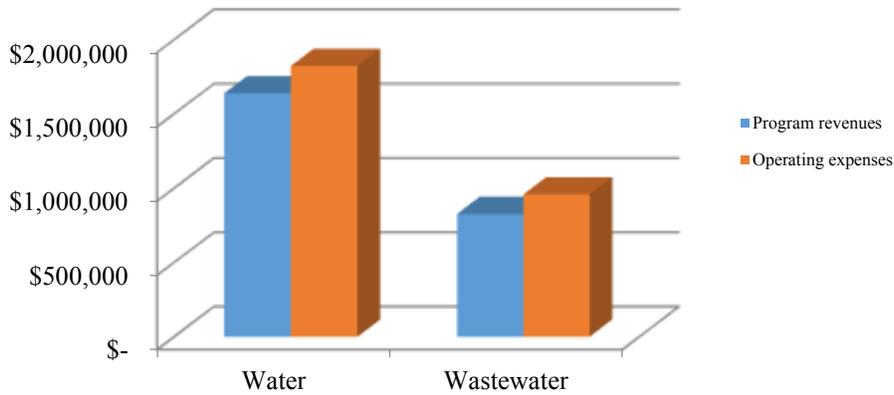
Revenues by source for the fiscal years ended June 30, 2015, and 2014, are as follows:



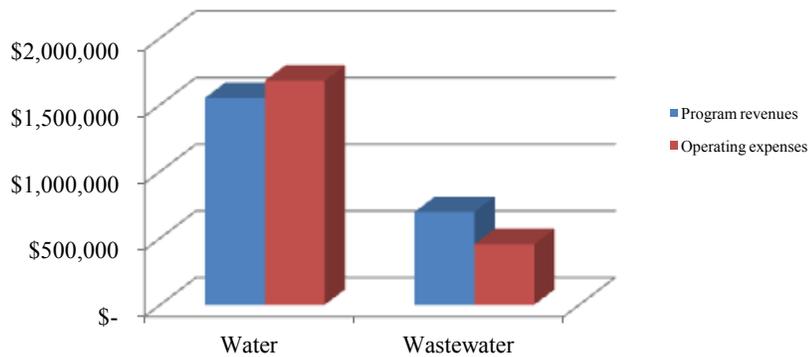
**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type activities.** Business-type activities increased the City’s Net Position by \$9,081,569. The City has two business-type activities: Water and Wastewater. Water accounts for 67%, and Wastewater accounts for 33% of total business-type activity revenue. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2015, and 2014, are as follows:

**Expenses and Program Revenues  
Business-type Activities  
2015**

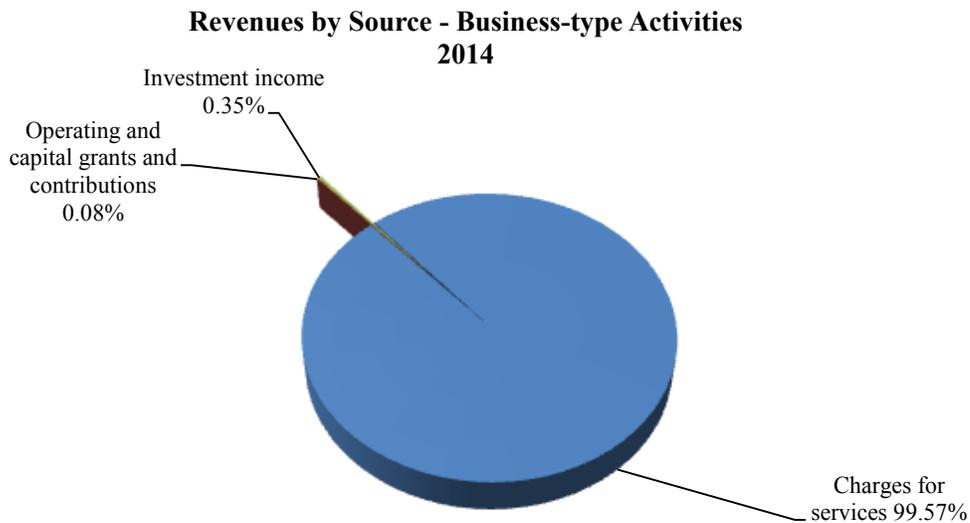
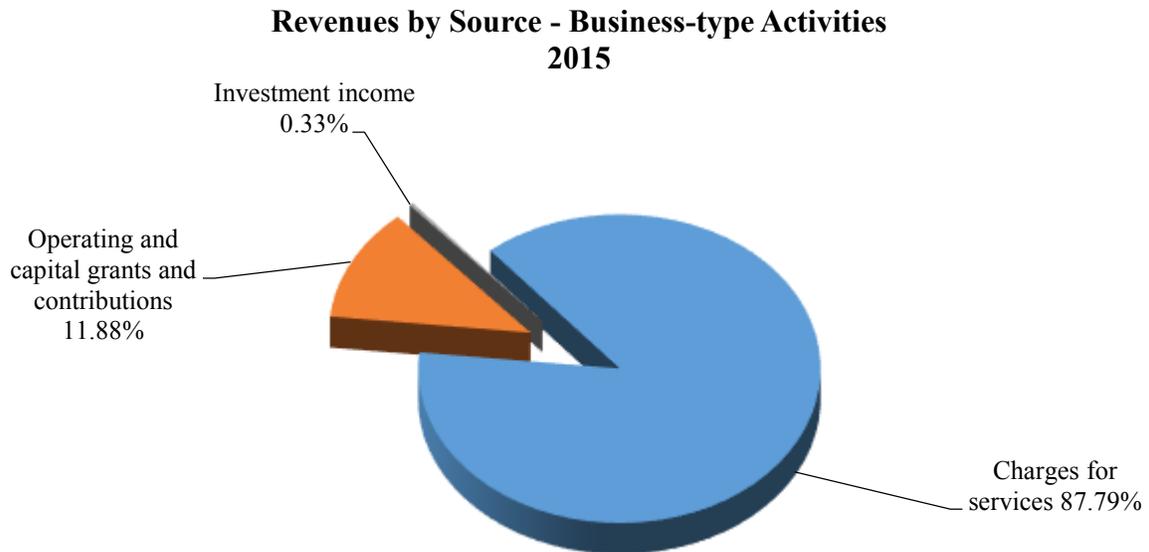


**Expenses and Program Revenues  
Business-type Activities  
2014**



## GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2015, and 2014, are as follows:



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

### **Financial Analysis of the Government's Funds**

The City of Buellton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

**Governmental funds.** The focus of the City of Buellton's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Buellton's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Buellton's governmental funds reported combined ending fund balances of \$13,986,666, a decrease of \$73,887 in comparison with the prior fiscal year. Approximately 45 percent of this total amount (\$6,289,573) constitutes unassigned fund balance. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been committed to fund amounts prepaid for the following fiscal year (\$213,538) and a variety of other restricted purposes (\$7,483,555).

The General Fund is the chief operating fund of the City of Buellton. The total fund balance in the general fund is \$12,880,075, of which \$6,482,765 is shown as "unassigned."

The fund balance of the City of Buellton's General Fund increased by \$389,092 during the current fiscal year. Key factors in this growth are as follows:

- A net increase in general fund revenues of \$287,121.
- A net increase in general fund expenditures of \$364,673.

**Proprietary funds.** The City of Buellton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Position of the water fund at the end of the fiscal year amounted to \$2,286,851 and those for the wastewater fund amounted to \$1,221,716. The total change in unrestricted Net Position for both funds were (\$179,566) and (\$127,404), respectively.

## General Fund Budgetary Highlights

In fiscal year 2015, appropriation changes between the original and final budgets amounted to a net decrease of \$3,760 for the General Fund. The General Fund experienced slight decreases in various revenue streams while expenditure savings within the General Fund departments offset shortfalls. Other key revenue streams exceeded budget causing the General Fund budget to experience a balanced budget.

## Capital Assets

The City of Buellton's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$23,725,111 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$670,392. Of the total increase, governmental activities showed a decrease of \$653,001, resulting from an increase in net depreciable capital assets. Business-type activities increased by \$17,391, due to an increase in net depreciable capital assets.

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,536,248	\$ 1,536,248	\$ 247,691	\$ 247,691	\$ 1,783,939	\$ 1,783,939
Total Nondepreciable Capital Assets	1,536,248	1,536,248	247,691	247,691	1,783,939	1,783,939
Buildings and improvements	4,221,448	4,221,448	574,387	574,387	4,795,835	4,795,835
Equipment	528,043	444,765	815,800	773,522	1,343,843	1,218,287
Infrastructure	17,367,786	16,364,557	11,578,959	11,207,646	28,946,745	27,572,203
Total Depreciable Capital Assets	22,117,277	21,030,770	12,969,146	12,555,555	35,086,423	33,586,325
Less: Accumulated Depreciation	5,501,416	5,067,910	7,643,835	7,247,635	13,145,251	12,315,545
Net Depreciable Capital Assets	16,615,861	15,962,860	5,325,311	5,307,920	21,941,172	21,270,780
Net Capital Assets	\$ 18,152,109	\$ 17,499,108	\$ 5,573,002	\$ 5,555,611	\$ 23,725,111	\$ 23,054,719

More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 55 for significant accounting policies and Note 4 on Page 66 for other capital asset information.

## Debt Administration

At the end of the current and previous fiscal year, the City of Buellton had no long-term debt outstanding. The City has no general obligation or revenue bonds.

Buellton enjoys a relatively healthy local economy; however, it does not currently have a bond rating because it has zero bonded debt on its balance sheet. When the City decides to go to Wall Street to sell bonds for future infrastructure improvements for Water or Wastewater systems, the City will go before Moody's Investor Service or Fitch's Rating Service for a credit rating. There is a definite need to update the user fees for Water and Wastewater services. An adequate multi-year rate management program will provide the best opportunity for obtaining an investment-grade credit rating for the City of Buellton in the future.

## **Economic Outlook**

- The City completed 2014-15 with better operating financial results in some categories than expected when the 2014-15 Adopted Budget was developed. The City finished the year exceeding budgeted revenues in the categories of Taxes and Charges for Current Services. In May of 2015, the City Council approved a balanced General fund budget for 2015-16 that used consistent resources available on an ongoing basis while delivering essential services. The City's sales tax and transient occupancy tax (TOT) revenues are expected to increase with the new Crossroads Shopping Center under construction.
- The General Fund cash reserves are at over \$3 Million and revenues exceed expenditures in the 2015-16 budget by approximately \$12,000. There is a restricted cash amount of \$6.2 Million in addition to the approximate \$3 Million. Those reserves remain restricted until a legal decision is rendered concerning the City's current lawsuit against the State of California Department of Finance. The lawsuit stems from an outstanding loan to the former Buellton Redevelopment Agency.
- The City Council approved utility rate increases to address maintenance needs and to improve the financial viability of the water and wastewater fund. Incremental increases were applied from 2012 through 2015. The City of Buellton has not declared a Stage 1 Water Emergency but continues to advocate water conservation.
- A rate study is budgeted in the 2015-16 to determine if sufficient margins are met to cover operating costs in the Water and Sewer Funds. Rate increases are expected to be implemented in 2016-17. Although the City is experiencing high commercial growth and increases in connection fees, this one-time revenue source may be nonrecurring in future years.
- Quarterly reports to support the financial management of City resources continue to provide information to the City Council and public. As part of the mid-year budget review, the City prepares a report on financial position, considers economic factors and highlights trends based on the City's budget versus what actually occurred during the period. A discussion of other economic factors provides a means of comparing the local economy against the larger economic events that may affect the City. This provides Council with a budget review at four periods during the year. Council has a better control of costs, while identifying financial requirements prior to the close of the fiscal year. Modifications to the original budget take place each quarter as needed.
- The General Fund ended the 2014-15 fiscal year with a fund balance of \$6,289,573 (unassigned). Operating expenditures approved in 2015-16 budget amount to \$5,274,080. The result is a coverage ratio of about 119%. Because it is difficult to fully anticipate dramatic changes in the national and local economies, the Council has set an unassigned fund balance goal of 25% of the general fund's operating expenditures.

## NEXT YEAR'S BUDGETED APPROPRIATIONS

The adopted budget for all City funds for the new fiscal year of 2015-2016 was \$12,887,808. The adopted budget for fiscal year 2014-15 totals \$12,144,155 and is summarized, with CIP expenditures shown in the Citywide CIP row of the chart below for consistent comparison as follows:

	FY 2015-16	FY 2014-15	Amount Change	Percentage Change
General fund	\$ 6,188,198	\$ 5,900,114	\$ 288,084	4.7%
Water & Sewer Funds	3,075,613	3,100,544	(24,931)	(0.8)%
Citywide CIP Fund	3,492,797	2,792,397	700,400	20.1%
Special revenue funds	131,200	351,100	(219,900)	(167.6)%
<b>Total budget</b>	<b>\$ 12,887,808</b>	<b>\$ 12,144,155</b>	<b>\$ 743,653</b>	<b>(143.7)%</b>

1. General Fund – Shows an increase of \$288,044 or approximately 5%. The increase reflects maintaining essential services by avoiding service cuts while prioritizing the needs of the community. Contract planning services continue in the Community Development Department. Public Works Engineering costs are expected to increase relative to development projects and public infrastructure improvements.
2. Water & Sewer Funds – Shows a decrease of \$24,931 or less than 1%. The decrease is due to maintaining staffing levels and improving efficiencies after replacing antiquated utility billing software. Increases in State Water payments and other contract engineering costs are expected in 2015-16.
3. Citywide Capital Improvement Program (CIP) Fund – The CIP Fund expenditures relate to Capital Improvements. CIP fund shows an increase of \$700,400 or approximately 20%. A combined project summary of circulation improvements, water and sewer facilities, water reservoirs, water recycling, parks and maintenance projects are scheduled in 2015-16.
4. Special Revenue Funds – Show a decrease of \$219,900 or approximately 168%. The decrease is the result of a reduction in transit operating costs from economies realized over time.

### Requests for Information

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact Finance Director, 107 West Highway 246, Buellton, CA 93427, or visit the City's web page at [www.cityofbuellton.com](http://www.cityofbuellton.com).

## **BASIC FINANCIAL STATEMENTS**

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**City of Buellton, California**  
**Statement of Net Position**  
**June 30, 2015**

ASSETS	Governmental Activities	Business-type Activities	Total
<b>Current assets:</b>			
Cash and investments	\$ 5,808,082	\$ 3,065,239	\$ 8,873,321
Restricted cash and investments	6,185,439	-	6,185,439
Receivables:			
Accounts receivable	546,470	175,712	722,182
Interest receivable	7,606	2,020	9,626
Inventory	-	10,252	10,252
Prepaid items	213,538	1,064,899	1,278,437
<b>Total current assets</b>	<b>12,761,135</b>	<b>4,318,122</b>	<b>17,079,257</b>
<b>Noncurrent assets:</b>			
Advances to fiduciary activities	1,876,208	-	1,876,208
Capital assets:			
Nondepreciable	1,536,248	247,691	1,783,939
Depreciable	16,615,861	5,325,311	21,941,172
<b>Total noncurrent assets</b>	<b>20,028,317</b>	<b>5,573,002</b>	<b>25,601,319</b>
<b>Total assets</b>	<b>32,789,452</b>	<b>9,891,124</b>	<b>42,680,576</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	178,731	56,017	234,748
<b>Total deferred outflows of resources</b>	<b>178,731</b>	<b>56,017</b>	<b>234,748</b>
<b>Total assets and deferred outflows</b>	<b>\$ 32,968,183</b>	<b>\$ 9,947,141</b>	<b>\$ 42,915,324</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 419,917	\$ 305,606	\$ 725,523
Wages payable	72,907	-	72,907
Compensated absences	8,102	9,412	17,514
Deposits payable	149,751	22,476	172,227
<b>Total current liabilities</b>	<b>650,677</b>	<b>337,494</b>	<b>988,171</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	71,072	23,120	94,192
Net OPEB obligation	969,222	88,500	1,057,722
Net pension obligation	1,024,254	321,013	1,345,267
<b>Total noncurrent liabilities</b>	<b>2,064,548</b>	<b>432,633</b>	<b>2,497,181</b>
<b>Total liabilities</b>	<b>2,715,225</b>	<b>770,127</b>	<b>3,485,352</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Plan	304,536	95,445	399,981
<b>Total liabilities and deferred inflows of resources</b>	<b>3,019,761</b>	<b>865,572</b>	<b>3,885,333</b>
<b>NET POSITION</b>			
Net investment in capital assets	18,152,109	5,573,002	23,725,111
Restricted:			
Redevelopment	6,185,439	-	6,185,439
Streets and roads	855,754	-	855,754
Housing	442,362	-	442,362
Unrestricted	4,312,758	3,508,567	7,821,325
<b>Total net position</b>	<b>29,948,422</b>	<b>9,081,569</b>	<b>39,029,991</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 32,968,183</b>	<b>\$ 9,947,141</b>	<b>\$ 42,915,324</b>

The accompanying notes are an integral part of these basic financial statements.

**City of Buellton, California**  
**Statement of Activities**  
**For the year ended June 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 783,769	\$ 9,095	\$ -	\$ -
Community development	1,192,571	-	-	-
Culture and leisure	607,761	306,560	-	-
Public safety	1,801,989	37,594	-	-
Public works	1,959,864	106,974	555,856	-
Total governmental activities	6,345,954	460,223	555,856	-
Business-type activities:				
Water	1,822,088	1,436,127	201,740	-
Wastewater	957,261	734,289	92,077	-
Total business-type activities	2,779,349	2,170,416	293,817	-
<b>Total primary government</b>	<b>\$ 9,125,303</b>	<b>\$ 2,630,639</b>	<b>\$ 849,673</b>	<b>\$ -</b>

General revenues:

Taxes:

    Secured and unsecured property taxes

    Sales and use tax

    Transient lodging tax

    Franchise taxes

    Other taxes

Investment income

Other general revenues

    Total general revenues

Transfers

    Total general revenues and transfers

Change in net position

Net position:

    Beginning of year, as originally reported

        Adjustments

        Beginning of year, as adjusted

    Net Position - Ending

The accompanying notes are an integral part of these basic financial statements.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (774,674)	\$ -	\$ (774,674)
(1,192,571)	-	(1,192,571)
(301,201)	-	(301,201)
(1,764,395)	-	(1,764,395)
(1,297,034)	-	(1,297,034)
<u>(5,329,875)</u>	<u>-</u>	<u>(5,329,875)</u>
-	(184,221)	(184,221)
-	(130,895)	(130,895)
-	(315,116)	(315,116)
<u>(5,329,875)</u>	<u>(315,116)</u>	<u>(5,644,991)</u>
1,146,289	-	1,146,289
1,943,723	-	1,943,723
1,830,275	-	1,830,275
418,586	-	418,586
220,140	-	220,140
107,885	8,146	116,031
54,257	-	54,257
<u>5,721,155</u>	<u>8,146</u>	<u>5,729,301</u>
-	-	-
<u>5,721,155</u>	<u>8,146</u>	<u>5,729,301</u>
391,280	(306,970)	84,310
30,786,883	9,773,954	40,560,837
(1,229,741)	(385,415)	(1,615,156)
<u>29,557,142</u>	<u>9,388,539</u>	<u>38,945,681</u>
<u>\$ 29,948,422</u>	<u>\$ 9,081,569</u>	<u>\$ 39,029,991</u>

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

<b>Fund</b>	<b>Description</b>
Governmental Funds:	
General Fund	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Traffic Mitigation Special Revenue Fund	Accounts for traffic congestion relief funds received for street purposes.
Transportation Planning Special Revenue Fund	Accounts for funds used in the planning for transportation projects restricted by other governments.
General Capital Projects Fund	Accounts for Capital Improvement Projects by centralizing project expenditures. Projects are tracked and managed for purposes of planning, scheduling and budgeting capital improvements.

**City of Buellton, California**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Traffic Mitigation Special Revenue</b>	<b>Transportation Planning Special Revenue</b>	<b>General Capital Projects</b>
<b>ASSETS</b>				
Cash and investments	\$ 4,533,643	\$ -	\$ -	\$ -
Restricted cash and investments	6,185,439	-	-	-
Receivables:				
Accounts	473,305	-	-	-
Interest	6,813	-	-	-
Due from other funds	188,109	-	-	-
Prepaid items	211,871	-	-	-
Advances to Successor Agency private purpose trust fund	1,876,208	-	-	-
<b>Total assets</b>	<b>\$ 13,475,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 364,553	\$ -	\$ 5,083	\$ -
Wages payable	72,907	-	-	-
Compensated absences	8,102	-	-	-
Deposits payable	149,751	-	-	-
Due to other funds	-	64,047	124,062	-
<b>Total liabilities</b>	<b>595,313</b>	<b>64,047</b>	<b>129,145</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable:				
Prepaid items	211,871	-	-	-
Restricted	6,185,439	-	-	-
Unassigned (Deficit)	6,482,765	(64,047)	(129,145)	-
<b>Total fund balances (Deficits)</b>	<b>12,880,075</b>	<b>(64,047)</b>	<b>(129,145)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,475,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these basic financial statements.

<b>Nonmajor Governmental Funds</b>		<b>Totals</b>	
\$	1,274,439	\$	5,808,082
	-		6,185,439
	73,165		546,470
	793		7,606
	-		188,109
	1,667		213,538
	-		1,876,208
<u>\$</u>	<u>1,350,064</u>	<u>\$</u>	<u>14,825,452</u>

\$	50,281	\$	419,917
	-		72,907
	-		8,102
	-		149,751
	-		188,109
<u></u>	<u>50,281</u>	<u></u>	<u>838,786</u>

	1,667		213,538
	1,298,116		7,483,555
	-		6,289,573
<u></u>	<u>1,299,783</u>	<u></u>	<u>13,986,666</u>
<u>\$</u>	<u>1,350,064</u>	<u>\$</u>	<u>14,825,452</u>

**City of Buellton, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2015**

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**Total fund balances - total governmental funds** \$ 13,986,666

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 18,152,109

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	\$ (71,072)	
Net OPEB obligation	(969,222)	
Net pension obligation	<u>(1,024,254)</u>	(2,064,548)

Pension obligations result in deferred outflows and inflows of resources associated with actuarial value of contributions, assets, and liabilities

Deferred outflows	178,731	
Deferred inflows	<u>(304,536)</u>	<u>(125,805)</u>

**Net position of governmental activities** \$ 29,948,422

# City of Buellton, California

## Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

### Governmental Activities

June 30, 2015

ASSETS	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
<b>Current assets:</b>				
Cash and investments	\$ 5,808,082	\$ -	\$ -	\$ 5,808,082
Restricted cash and investments	6,185,439			6,185,439
Receivables:				
Accounts receivable	546,470	-	-	546,470
Interest receivable	7,606	-	-	7,606
Advances to private purpose trust/fiduciary activities	1,876,208	-	-	1,876,208
Prepaid items	213,538	-	-	213,538
Due from other funds	188,109	(188,109)	-	-
<b>Total current assets</b>	<b>14,825,452</b>	<b>(188,109)</b>	<b>-</b>	<b>14,637,343</b>
<b>Noncurrent assets:</b>				
Capital assets, net:				
Nondepreciable	-	-	1,536,248	1,536,248
Depreciable	-	-	16,615,861	16,615,861
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>18,152,109</b>	<b>18,152,109</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Plan	-	-	178,731	178,731
<b>Total assets and deferred outflows of resources</b>	<b>\$ 14,825,452</b>	<b>\$ (188,109)</b>	<b>\$ 18,330,840</b>	<b>\$ 32,968,183</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 419,917	\$ -	\$ -	\$ 419,917
Wages payable	72,907	-	-	72,907
Compensated absences	8,102	-	-	8,102
Deposits payable	149,751	-	-	149,751
Due to other funds	188,109	(188,109)	-	-
<b>Total current liabilities</b>	<b>838,786</b>	<b>(188,109)</b>	<b>-</b>	<b>650,677</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	-	-	71,072	71,072
Net OPEB obligation	-	-	969,222	969,222
Net pension obligation	-	-	1,024,254	1,024,254
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>2,064,548</b>	<b>2,064,548</b>
<b>Total liabilities</b>	<b>838,786</b>	<b>(188,109)</b>	<b>2,064,548</b>	<b>2,715,225</b>
<b>Deferred inflows: Pension Plan</b>	<b>-</b>	<b>-</b>	<b>304,536</b>	<b>304,536</b>
<b>Total liabilities and deferred inflows:</b>	<b>838,786</b>	<b>(188,109)</b>	<b>2,369,084</b>	<b>3,019,761</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Nonspendable				
Prepaid items	213,538	(213,538)	-	-
Restricted				
Redevelopment	6,185,439	(6,185,439)	-	-
Streets and roads	855,754	(855,754)	-	-
Housing	442,362	(442,362)	-	-
Unassigned (Deficit)	6,289,573	(6,289,573)	-	-
<b>Net position:</b>				
Net investment in capital assets	-	-	18,152,109	18,152,109
Restricted	-	7,483,555	-	7,483,555
Unrestricted	-	6,503,111	(2,190,353)	4,312,758
<b>Total fund balances/ net position</b>	<b>13,986,666</b>	<b>-</b>	<b>15,961,756</b>	<b>29,948,422</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 14,825,452</b>	<b>\$ (188,109)</b>	<b>\$ 18,330,840</b>	<b>\$ 32,968,183</b>

The accompanying notes are an integral part of these basic financial statements.

**City of Buellton, California**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Governmental Funds**

**For the year ended June 30, 2015**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Traffic Mitigation Special Revenue</b>	<b>Transportation Planning Special Revenue</b>	<b>General Capital Projects</b>
<b>REVENUES:</b>				
Taxes	\$ 5,179,413	\$ -	\$ -	\$ -
Licenses, permits, and fees	10,854	-	-	-
Intergovernmental	386,250	-	-	-
Charges for services	284,829	-	-	-
Fines and forfeitures	37,508	-	-	-
Use of money and property	104,564	108	-	-
Other	60,782	93,507	-	-
<b>Total revenues</b>	<b>6,064,200</b>	<b>93,615</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General government	568,229	-	-	-
Community development	1,192,571	-	-	-
Culture and leisure	591,096	-	-	-
Public safety	1,801,989	-	-	-
Public works	1,499,452	-	41,338	-
Capital outlay	3,196	-	-	1,086,506
<b>Total expenditures</b>	<b>5,656,533</b>	<b>-</b>	<b>41,338</b>	<b>1,086,506</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>407,667</b>	<b>93,615</b>	<b>(41,338)</b>	<b>(1,086,506)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sales of assets	5,288	-	-	-
Transfers in	119,976	-	-	1,086,506
Transfers out	(143,839)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(18,575)</b>	<b>-</b>	<b>-</b>	<b>1,086,506</b>
<b>Net change in fund balances</b>	<b>389,092</b>	<b>93,615</b>	<b>(41,338)</b>	<b>-</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	12,490,983	(157,662)	(87,807)	-
End of year	<b>\$ 12,880,075</b>	<b>\$ (64,047)</b>	<b>\$ (129,145)</b>	<b>\$ -</b>

The accompanying notes are an integral part of these basic financial statements.

<b>Other Governmental Funds</b>		<b>Totals</b>
\$ -	\$ 5,179,413	
-	10,854	
555,856	942,106	
-	284,829	
-	37,508	
3,213	107,885	
15,062	169,351	
<u>574,131</u>	<u>6,731,946</u>	
-	568,229	
-	1,192,571	
-	591,096	
-	1,801,989	
26,744	1,567,534	
-	1,089,702	
<u>26,744</u>	<u>6,811,121</u>	
<u>547,387</u>	<u>(79,175)</u>	
-	5,288	
50,000	1,256,482	
<u>(1,112,643)</u>	<u>(1,256,482)</u>	
<u>(1,062,643)</u>	<u>5,288</u>	
(515,256)	(73,887)	
<u>1,815,039</u>	<u>14,060,553</u>	
<u>\$ 1,299,783</u>	<u>\$ 13,986,666</u>	

**City of Buellton, California**

**Reconciliation of Fund Basis Statements to Government-wide Statement of Activities**

**For the year ended June 30, 2015**

<b>Functions/Programs</b>	<b>Fund Based Totals</b>	<b>Compensated Absences</b>	<b>Depreciation</b>	<b>Capital Asset (Additions)/ Retirements</b>	<b>Net OPEB Obligation</b>	<b>Pension Plan</b>	<b>Government- wide Totals</b>
<b>Governmental activities:</b>							
General government	\$ 568,229	\$ 71,072	\$ 27,706	\$ -	\$ 196,444	\$ (79,682)	\$ 783,769
Community development	1,192,571	-	-	-	-	-	1,192,571
Culture and leisure	591,096	-	16,665	-	-	-	607,761
Public safety	1,801,989	-	-	-	-	-	1,801,989
Public works	1,567,534	-	389,135	3,195	-	-	1,959,864
Capital outlay	1,089,702	-	-	(1,089,702)	-	-	-
<b>Total governmental activities</b>	<b>\$ 6,811,121</b>	<b>\$ 71,072</b>	<b>\$ 433,506</b>	<b>\$ (1,086,507)</b>	<b>\$ 196,444</b>	<b>\$ (79,682)</b>	<b>\$ 6,345,954</b>

The accompanying notes are an integral part of these basic financial statements.

# City of Buellton, California

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2015

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ (73,887)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 101,578	
Capital asset retirements	(18,300)	
Depreciation expense	(433,506)	
Capital asset adjustment	<u>1,003,229</u>	653,001

Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB obligation	(196,444)	(196,444)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds

Change in pension expense	79,682	
Change in long-term compensated absences	<u>(71,072)</u>	<u>8,610</u>

<b>Change in net position of governmental activities</b>		<b><u><u>\$ 391,280</u></u></b>
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The accompanying notes are an integral part of these basic financial statements.

# City of Buellton, California

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Major Special Revenue Funds For the year ended June 30, 2015

	<b>General Fund</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,041,000	\$ 5,041,000	\$ 5,179,413	\$ 138,413
Licenses, permits, and fees	4,200	4,200	10,854	6,654
Intergovernmental	560,776	560,776	386,250	(174,526)
Charges for services	161,500	151,500	284,829	133,329
Fines and forfeitures	42,500	42,500	37,508	(4,992)
Use of money and property	143,865	143,865	104,564	(39,301)
Other	206,600	206,600	60,782	(145,818)
<b>Total revenues</b>	<b>6,160,441</b>	<b>6,150,441</b>	<b>6,064,200</b>	<b>(86,241)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	586,075	586,075	568,229	17,846
Community development	960,408	960,408	1,192,571	(232,163)
Culture and leisure	502,391	512,391	591,096	(78,705)
Public safety	1,888,348	1,888,348	1,801,989	86,359
Public works	1,790,792	1,790,792	1,499,452	291,340
Capital outlay	1,000	1,000	3,196	(2,196)
<b>Total expenditures</b>	<b>5,729,014</b>	<b>5,739,014</b>	<b>5,656,533</b>	<b>82,481</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>431,427</b>	<b>411,427</b>	<b>407,667</b>	<b>(3,760)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sales of assets	-	-	5,288	5,288
Transfers in	-	-	119,976	119,976
Transfers out	(412,100)	(412,100)	(143,839)	268,261
<b>Total other financing sources (uses)</b>	<b>(412,100)</b>	<b>(412,100)</b>	<b>(18,575)</b>	<b>393,525</b>
<b>Net change in fund balances</b>	<b>19,327</b>	<b>(673)</b>	<b>389,092</b>	<b>389,765</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	12,490,983	12,490,983	12,490,983	-
End of year	<u>\$ 12,510,310</u>	<u>\$ 12,490,310</u>	<u>\$ 12,880,075</u>	<u>\$ 389,765</u>

The accompanying notes are an integral part of these basic financial statements.

Traffic Mitigation Special Revenue Fund				Transportation Planning Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	-	(25,000)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25	25	108	83	-	-	-	-
-	-	93,507	93,507	-	-	-	-
25	25	93,615	93,590	25,000	25,000	-	(25,000)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	45,000	45,000	41,338	3,662
-	-	-	-	-	-	-	-
-	-	-	-	45,000	45,000	41,338	3,662
25	25	93,615	93,590	(20,000)	(20,000)	(41,338)	(21,338)
-	-	-	-	-	-	-	-
-	-	-	-	45,000	45,000	-	(45,000)
-	-	-	-	-	-	-	-
-	-	-	-	45,000	45,000	-	(45,000)
25	25	93,615	93,590	25,000	25,000	(41,338)	(66,338)
(157,662)	(157,662)	(157,662)	-	(87,807)	(87,807)	(87,807)	-
\$ (157,637)	\$ (157,637)	\$ (64,047)	\$ 93,590	\$ (62,807)	\$ (62,807)	\$ (129,145)	\$ (66,338)

(continued)

**City of Buellton, California**

**Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget to Actual - General Fund and Major Special Revenue Funds  
For the year ended June 30, 2015**

	<b>Total</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,041,000	\$ 5,041,000	\$ 5,179,413	\$ 138,413
Licenses, permits, and fees	4,200	4,200	10,854	6,654
Intergovernmental	585,776	585,776	386,250	(199,526)
Charges for services	161,500	151,500	284,829	133,329
Fines and forfeitures	42,500	42,500	37,508	(4,992)
Use of money and property	143,890	143,890	104,672	(39,218)
Other	206,600	206,600	154,289	(52,311)
<b>Total revenues</b>	<b>6,185,466</b>	<b>6,175,466</b>	<b>6,157,815</b>	<b>(17,651)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	586,075	586,075	568,229	17,846
Community development	960,408	960,408	1,192,571	(232,163)
Culture and leisure	502,391	512,391	591,096	(78,705)
Public safety	1,888,348	1,888,348	1,801,989	86,359
Public works	1,835,792	1,835,792	1,540,790	295,002
Capital outlay	1,000	1,000	3,196	(2,196)
<b>Total expenditures</b>	<b>5,774,014</b>	<b>5,784,014</b>	<b>5,697,871</b>	<b>86,143</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>411,452</b>	<b>391,452</b>	<b>459,944</b>	<b>68,492</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sales of assets	-	-	5,288	5,288
Transfers in	45,000	45,000	119,976	74,976
Transfers out	(412,100)	(412,100)	(143,839)	268,261
<b>Total other financing sources (uses)</b>	<b>(367,100)</b>	<b>(367,100)</b>	<b>(18,575)</b>	<b>348,525</b>
<b>Net change in fund balances</b>	<b>44,352</b>	<b>24,352</b>	<b>441,369</b>	<b>417,017</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	12,245,514	12,245,514	12,245,514	-
End of year	<u>\$ 12,289,866</u>	<u>\$ 12,269,866</u>	<u>\$ 12,686,883</u>	<u>\$ 417,017</u>

The accompanying notes are an integral part of these basic financial statements.

(concluded)

## PROPRIETARY FUNDS

Fund	Description
<b>MAJOR FUNDS:</b>	
Water Fund	Accounts for revenues and expenses associated with the City's Water enterprise operation.
Wastewater Fund	Accounts for all activities associated with the operation and maintenance of providing Sewer services.

**City of Buellton, California**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 1,615,742	\$ 1,449,497	\$ 3,065,239
Receivables:			
Accounts	116,037	59,675	175,712
Interest	967	1,053	2,020
Inventory	10,252	-	10,252
Prepaid items	1,035,427	29,472	1,064,899
<b>Total current assets</b>	<u>2,778,425</u>	<u>1,539,697</u>	<u>4,318,122</u>
<b>Noncurrent assets:</b>			
Capital assets, net			
Buildings and improvements	822,078	-	822,078
Equipment	393,062	422,738	815,800
Infrastructure	5,778,928	5,800,031	11,578,959
Less: accumulated depreciation	(3,926,398)	(3,717,437)	(7,643,835)
Total capital assets (net of accumulated depreciation)	<u>3,067,670</u>	<u>2,505,332</u>	<u>5,573,002</u>
<b>Total noncurrent assets</b>	<u>3,067,670</u>	<u>2,505,332</u>	<u>5,573,002</u>
<b>Total assets</b>	<u>5,846,095</u>	<u>4,045,029</u>	<u>9,891,124</u>
Deferred outflows: Pension Plan	25,343	30,674	56,017
<b>Total assets and deferred outflows</b>	<u>\$ 5,871,438</u>	<u>\$ 4,075,703</u>	<u>\$ 9,947,141</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 245,513	\$ 60,093	\$ 305,606
Deposits	22,476	-	22,476
Compensated absences	4,706	4,706	9,412
<b>Total current liabilities</b>	<u>272,695</u>	<u>64,799</u>	<u>337,494</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	11,560	11,560	23,120
Net OPEB obligation	44,250	44,250	88,500
Net pension obligation	145,231	175,782	321,013
<b>Total noncurrent liabilities</b>	<u>201,041</u>	<u>231,592</u>	<u>432,633</u>
<b>Total liabilities</b>	<u>473,736</u>	<u>296,391</u>	<u>770,127</u>
Deferred inflows: Pension Plan	43,181	52,264	95,445
<b>Total liabilities and deferred inflows</b>	<u>516,917</u>	<u>348,655</u>	<u>865,572</u>
<b>Net Position:</b>			
Net investment in capital assets	3,067,670	2,505,332	5,573,002
Unrestricted	2,286,851	1,221,716	3,508,567
<b>Total net position</b>	<u>5,354,521</u>	<u>3,727,048</u>	<u>9,081,569</u>
<b>Total liabilities and net position</b>	<u>\$ 5,871,438</u>	<u>\$ 4,075,703</u>	<u>\$ 9,947,141</u>

The accompanying notes are an integral part of these basic financial statements.

**City of Buellton, California**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,436,127	\$ 734,289	\$ 2,170,416
Other operating revenues	201,740	92,077	293,817
<b>Total operating revenues</b>	<b>1,637,867</b>	<b>826,366</b>	<b>2,464,233</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	230,902	228,440	459,342
Operations and maintenance	1,445,571	478,236	1,923,807
Depreciation	145,615	250,585	396,200
<b>Total operating expenses</b>	<b>1,822,088</b>	<b>957,261</b>	<b>2,779,349</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(184,221)</b>	<b>(130,895)</b>	<b>(315,116)</b>
<b>NONOPERATING REVENUES:</b>			
Interest revenue	4,655	3,491	8,146
<b>Total non-operating revenues</b>	<b>4,655</b>	<b>3,491</b>	<b>8,146</b>
<b>CHANGE IN NET POSITION</b>	<b>(179,566)</b>	<b>(127,404)</b>	<b>(306,970)</b>
<b>NET POSITION:</b>			
Beginning of year	5,708,454	4,065,500	9,773,954
Prior period adjustments	(174,367)	(211,048)	(385,415)
Beginning of year, as adjusted	5,534,087	3,854,452	9,388,539
End of year	<b>\$ 5,354,521</b>	<b>\$ 3,727,048</b>	<b>\$ 9,081,569</b>

The accompanying notes are an integral part of these basic financial statements.

**City of Buellton, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2015**

	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received (refunds paid) from (to) customers/users for services provided	\$ 1,664,735	\$ 831,900	\$ 2,496,635
Cash payments to suppliers for goods and services	(1,290,442)	(435,755)	(1,726,197)
Cash payments to employees for services	(233,594)	(231,132)	(464,726)
<b>Net cash provided by operating activities</b>	<b>140,699</b>	<b>165,013</b>	<b>305,712</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Changes in pension obligations	(11,298)	(13,676)	(24,974)
<b>Net cash used by noncapital financing activities</b>	<b>(11,298)</b>	<b>(13,676)</b>	<b>(24,974)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(356,412)	(57,179)	(413,591)
<b>Net cash (used) by capital and related financing activities</b>	<b>(356,412)</b>	<b>(57,179)</b>	<b>(413,591)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	4,499	3,125	7,624
<b>Net cash provided by investing activities</b>	<b>4,499</b>	<b>3,125</b>	<b>7,624</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(222,512)</b>	<b>97,283</b>	<b>(125,229)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,838,254	1,352,214	3,190,468
End of year	<u>\$ 1,615,742</u>	<u>\$ 1,449,497</u>	<u>\$ 3,065,239</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (184,221)	\$ (130,895)	\$ (315,116)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	145,615	250,585	396,200
(Increase) decrease in current assets:			
Accounts receivable	26,534	5,534	32,068
Prepaid items	(45,740)	10,624	(35,116)
Increase (decrease) in liabilities:			
Accounts payable	200,869	31,857	232,726
Deposits payable	334	-	334
Compensated absences	(2,692)	(2,692)	(5,384)
<b>Net cash provided by operating activities</b>	<b>\$ 140,699</b>	<b>\$ 165,013</b>	<b>\$ 305,712</b>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2015.  
The accompanying notes are an integral part of these basic financial statements.

## FIDUCIARY FUNDS

Fund Type	Description
<b>Private Purpose Trust Fund</b>	
Successor Agency	Accounts for funds collected and disbursed for the dissolution of the former Buellton Redevelopment Agency related to Administration and Retirement of enforceable obligations.
<b>Agency Fund</b>	
Deposits Agency Fund	This fund accounts for various deposits that are held on behalf of the City for various projects or programs

**City of Buellton, California**  
**Statement of Fiduciary Net Position**  
Fiduciary Funds  
June 30, 2015

ASSETS	Successor Agency Private Purpose Trust Fund	Deposits Agency Fund
<b>Current Assets:</b>		
Cash and investments	\$ 37,124	\$ 175,898
Receivables:		
Interest	40	122
<b>Total current assets</b>	<u>37,164</u>	<u>176,020</u>
<b>Noncurrent Assets</b>		
Investment in land and building held for resale	345,683	-
<b>Total noncurrent Assets:</b>	<u>345,683</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 382,847</u>	<u>\$ 176,020</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,504	\$ -
Refundable deposits	-	176,020
<b>Total current liabilities:</b>	<u>2,504</u>	<u>176,020</u>
<b>Noncurrent liabilities:</b>		
Advances from Governmental Activities	1,876,208	-
<b>Total noncurrent liabilities</b>	<u>1,876,208</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,878,712</u>	<u>\$ 176,020</u>
<b>Net Position (Deficit)</b>		
Net deficit held in trust for Redevelopment Dissolution	<u>(1,495,865)</u>	
<b>Total liabilities and net position</b>	<u>\$ 382,847</u>	

The accompanying notes are an integral part of these basic financial statements.

**City of Buellton, California**  
**Statement of Changes in Fiduciary Net Position**  
 Successor Agency Private Purpose Trust Fund  
 For the year ended June 30, 2015

	Successor Agency <u>Private Purpose Trust Fund</u>
<b>ADDITIONS:</b>	
Property taxes	\$ -
Investment earnings	<u>133</u>
<b>Total additions:</b>	133
<b>DEDUCTIONS:</b>	
Community development	<u>52,105</u>
<b>Total deductions:</b>	52,105
<b>CHANGE IN FIDUCIARY NET POSITION</b>	(51,972)
<b>NET POSITION (Deficit):</b>	
Beginning of year	<u>(1,443,893)</u>
End of year	<u><u>\$ (1,495,865)</u></u>

The accompanying notes are an integral part of these basic financial statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Buellton, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

### ***A. Financial Reporting Entity***

The City of Buellton (City) was incorporated in 1992, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: public safety (Police and Fire), highways and streets, water service, wastewater, public improvements, planning and zoning, and general administration.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities.

The City was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of: (a) the primary government, the City; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***A. Financial Reporting Entity, Continued***

The following is a brief review of the Successor Agency included in the accompanying basic financial statements of the City:

**Former Redevelopment Agency of the City of Buellton** (RDA) was established in fiscal year 1992-93 pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City. In fiscal year 2011-12, due to dissolution of all redevelopment agencies by the State, all redevelopment activities were transferred to a Successor Agency reported in a private purpose trust fund.

The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has no component units reported in these financial statements.

### ***B. Basis of Accounting and Measurement Focus***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

### **Government-Wide Financial Statements**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

### *B. Basis of Accounting and Measurement Focus, Continued*

#### **Government–Wide Financial Statements, continued**

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria. The following were the City's major governmental funds:

- ***The General Fund*** - Accounts for all general revenues of the city not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in other funds.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### B. Basis of Accounting and Measurement Focus, Continued

#### Governmental Fund Financial Statements, Continued

Major governmental funds, continued

- **Traffic Mitigation Special Revenue Fund** - Accounts for traffic congestion relief revenue received for street purposes.
- **Transportation Planning Special Revenue Fund** - Accounts for revenue used in the planning for transportation projects restricted by other governments.
- **General Capital Projects Fund** - Accounts for Capital Improvement Projects by centralizing project expenditures. Projects are tracked and managed for purposes of planning, scheduling and budgeting capital improvements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences between the two methods of measurement focus.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

### *B. Basis of Accounting and Measurement Focus, Continued*

#### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds. The City has determined that all its enterprise funds are major funds. The following were the City's major enterprise funds:

- ***The Water Fund*** - This fund was established as a separate fund to account for the operation of the City's water utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.
- ***The Wastewater Fund*** - This fund was established as a separate fund to account for the operation of the City's wastewater utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

#### **Fiduciary Fund Financial Statements**

##### *Successor Agency Private Purpose Trust Fund*

Successor Agency Private Purpose Trust Fund accounts for resources held for other individuals or entities in a manner similar to private enterprise.

##### *Agency Funds*

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds are accounted for using the accrual basis of accounting.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***C. Cash, Cash Equivalents, and Investments***

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

Disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

### ***D. Restricted Cash and Investments***

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

### ***E. Inventories***

The City accounts for inventories using the first-in, first-out method. Inventories in the Water Fund consist primarily of meters and are carried at cost.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

### *F. Capital Assets*

#### **Government-Wide Financial Statements**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$2,000 and with useful lives exceeding one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Structures and Improvements	50 years
Machinery and Equipment	3-15 years
Infrastructure	15-100 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, wastewater, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping, and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach defined by GASB Statement No. 34, which requires all infrastructures be reported at historical cost and be depreciated over their estimated useful lives.

### *G. Long-Term Liabilities*

#### **Government-Wide Financial Statements**

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred outflows if they constitute bond insurance.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***G. Long-Term Liabilities, continued***

#### **Fund Financial Statements**

The Governmental Fund Financial Statements do not present long-term debt. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

### ***H. Compensated Absences***

#### **Government-Wide Financial Statements**

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported in the appropriate activity.

#### **Fund Financial Statements**

In compliance with Governmental Accounting Standards Board Statement *No.* 16, the City has established a liability for accrued vacation in relevant funds. For governmental type funds, the current liability appears in the respective funds. All vacation paid is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is set up for the current employees at the current rates of pay. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

Accumulated employee sick leave benefits are not recognized as liabilities of the City. The City's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***I. Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has only has one item that qualifies for reporting in this category. It is the deferred charge on pension plan contributions on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item reported as a deferred inflow of resources. The deferred inflow our resources is the net difference between projected and actual earnings on pension plan investments and is reported on the statement of net position.

### ***J. Net Position and Fund Equity***

#### **Government-Wide Financial Statements**

In the Government-Wide Financial Statements, Net Position is classified in the following categories:

*Net Investment in Capital Assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted Net Position* – This amount is all Net Position that does not meet the definition of “investment in capital assets” or “restricted net position.”

#### **Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***J. Net Position and Fund Equity, Continued***

#### **Fund Financial Statements, Continued**

##### ***Nonspendable Fund Balance –***

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

##### ***Restricted Fund Balance –***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

##### ***Committed Fund Balance –***

- Self imposed limitations set in place prior to the end of the period. (Encumbrances, economic contingencies and uncertainties)
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.

##### ***Assigned Fund Balance –***

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.

##### ***Unassigned Fund Balance –***

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***K. Property Taxes***

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The State Legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Dates	January 1	January 1
Levy Dates	July 1	August 1
Due Dates	November 1 (50%) February 1 (50%)	
Delinquency Dates	December 10 (Nov.) April 10 (Feb)	August 31

The City adopted an alternative method of property tax distribution (the "Teeter Plan"). Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the fiscal year. The secured property tax levy is recognized as revenue upon receipt including the final payment, which generally is received within 60 days after the fiscal year end.

***L. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***M. Implementation of GASB Statements 68 and 71 related to Pension Plan***

The GASB issued Statement No. 68, “Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

In addition, the GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date” The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, “Accounting and Financial Reporting for Pensions”.

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

In implementing these Statements, the City recognizes a net pension liability, which represents the City’s proportionate share of the excess of the total pension liability over the fiduciary net position of the Plan reflected in an actuarial report provided by the California Public Employees’ Retirement System (CalPERS). The net pension liability is measured as of the City’s prior Plan year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change in the liability. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City’s pension plan with CalPERS and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### N. *Prior Period Adjustment*

Due to the City's adoption of GASB 68, net position was adjusted at June 30, 2015. The following is a reconciliation of the total net position as previously reported at July 1, 2014, to the restated net position.

	Governmental Activities	Proprietary - Water	Proprietary - Wastewater
Net Position at June 30, 2014	\$ 30,786,883	\$ 5,708,454	\$ 4,065,500
Adjustment:			
Adoption of GASB 68, pensions	(1,229,741)	(174,367)	(211,048)
Total Adjustments	<u>(1,229,741)</u>	<u>(174,367)</u>	<u>(211,048)</u>
Net Position at July 1, 2014, as adjusted	<u>\$ 29,557,142</u>	<u>\$ 5,534,087</u>	<u>\$ 3,854,452</u>

### O. *Reclassifications*

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

### P. *Interfund Balances/Internal Balances*

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund liability or by deferred revenue in the applicable governmental funds to indicate that they are not expendable available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred revenue.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

### Q. *Use of Restricted and Unrestricted Net Position*

When an expense is incurred for purposes for which both restricted and unrestricted Net Position is available, the City's policy is to apply restricted Net Position first.

### R. *Budgetary Accounting*

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

### ***R. Budgetary Accounting, Continued***

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2015. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2015, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit. Budgeted appropriations for the various governmental funds become effective each July 1.

## 2. CASH AND INVESTMENTS

At June 30, 2015, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Maturities (in years)			Deposits	Fair Market Value
	< 1	1 to 2	> 2		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank	\$ -	\$ -	\$ -	\$ 716,096	\$ 716,096
Money Market Savings	-	-	-	204,725	204,725
Petty cash	-	-	-	650	650
Total pooled items	-	-	-	921,471	921,471
Pooled investments, at fair value					
<u>Interest obligations</u>					
Negotiable Certificates of Deposit 1.2% - 1.85%					
\$1,737,000 par	-	250,804	502,825	-	753,629
State of California Local Agency Investment Fund	13,596,682	-	-	-	13,596,682
Total pooled investments - interest obligations	13,596,682	250,804	502,825	-	14,350,311
Total cash equivalents and investments pooled	\$ 13,596,682	\$ 250,804	\$ 502,825	\$ 921,471	\$ 15,271,782
Amounts reported in:					
Governmental activities					\$ 5,808,082
Governmental activities - restricted					6,185,439
Business-type activities					3,065,239
Fiduciary activities					
Private Purpose Trust					37,124
Deposits Agency Fund					175,898
Total					\$ 15,271,782

Investment Type	Fair Value	Maturity (in years)
Negotiable Certificates of Deposit	\$ 753,629	1.38
Local Agency Investment Fund	13,596,682	0.76
Total fair value	\$ 14,350,311	
Portfolio weighted average maturity		0.84

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2015, the City's permissible investments included the following instruments:

## 2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund.	N/A	None	None

*Interest rate risk* – In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to not exceed 5 years. As of June 30, 2015, the weighted average maturity was 0.84 years.

*Credit risk* – It is the City’s policy that medium-term notes, with a final maturity not exceeding five years from the date of purchase, must have a rating of “AAAm” or “AAAm-G” or better by the Standard & Poor’s Corporation. The LAIF, administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

*Concentration of credit risk* – The City’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested none of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

## 2. CASH AND INVESTMENTS, Continued

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's Investment Policy addresses custodial credit risk, which follows the Government Code. As of June 30, 2015, the City had a balance of \$205,914 in the pool exposed to custodial credit risk because they exceeded the \$250,000 Federal Deposit Insurance Corporation's insurance limits. The uninsured bank balance is collateralized by the pledging financial institutions at 110% of the deposits, in accordance with the State of California Government Code.

*Custodial credit risk – investments.* For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

At June 30, 2015, the carrying amount of the City's deposits was \$716,096 and the balances in financial institutions were \$705,914. Of the balance in financial institutions, \$500,000 was covered by federal depository insurance and \$205,914 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2015, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

**Investment in LAIF:** LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$69,606,487,716 of which the City had a balance of \$13,596,682, which approximated market value and was managed by the State Treasurer. Of the total invested, 99.03% was invested in non-derivative financial products and 0.97% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

### 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2015:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Current:				
Accounts receivable	\$ 546,470	\$ 175,712	\$ -	\$ 722,182
Interest receivable	7,606	2,020	162	9,788
Total receivables	<u>\$ 554,076</u>	<u>\$ 177,732</u>	<u>\$ 162</u>	<u>\$ 731,970</u>

These amounts resulted in the following concentrations in receivables:

Individuals/Businesses	98.7%
Financial	1.3%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business, or agency.

### 4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Adjustments	Balance June 30, 2015
<b><u>Governmental activities:</u></b>					
<b>Nondepreciable assets:</b>					
Land	\$ 1,536,248	\$ -	\$ -	\$ -	\$ 1,536,248
<b>Total nondepreciable assets</b>	<u>1,536,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,536,248</u>
<b>Depreciable assets:</b>					
Buildings and improvements	4,221,448	-	-	-	4,221,448
Equipment	444,765	101,578	(18,300)	-	528,043
Infrastructure	16,364,557	-	-	1,003,229	17,367,786
<b>Total depreciable assets</b>	<u>21,030,770</u>	<u>101,578</u>	<u>(18,300)</u>	<u>1,003,229</u>	<u>22,117,277</u>
<b>Total</b>	<u>22,567,018</u>	<u>101,578</u>	<u>(18,300)</u>	<u>1,003,229</u>	<u>23,653,525</u>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(464,432)	(34,986)	-	-	(499,418)
Equipments	(378,407)	(35,239)	-	-	(413,646)
Infrastructure	(4,225,071)	(344,669)	-	(18,612)	(4,588,352)
<b>Total accumulated depreciation</b>	<u>(5,067,910)</u>	<u>(414,894)</u>	<u>-</u>	<u>(18,612)</u>	<u>(5,501,416)</u>
<b>Net depreciable assets</b>	<u>15,962,860</u>	<u>(313,316)</u>	<u>(18,300)</u>	<u>984,617</u>	<u>16,615,861</u>
<b>Total net capital assets</b>	<u>\$ 17,499,108</u>	<u>\$ (313,316)</u>	<u>\$ (18,300)</u>	<u>\$ 984,617</u>	<u>\$ 18,152,109</u>

#### 4. CAPITAL ASSETS, Continued

Capital asset activity for business-type activities for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Business-type activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 247,691	\$ -	\$ -	\$ 247,691
<b>Total nondepreciable assets</b>	<b>247,691</b>	<b>-</b>	<b>-</b>	<b>247,691</b>
<b>Depreciable assets:</b>				
Buildings	574,387	-	-	574,387
Equipment	773,522	42,278	-	815,800
Infrastructure	11,207,646	371,313	-	11,578,959
<b>Total depreciable assets</b>	<b>12,555,555</b>	<b>413,591</b>	<b>-</b>	<b>12,969,146</b>
<b>Total</b>	<b>12,803,246</b>	<b>413,591</b>	<b>-</b>	<b>13,216,837</b>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(498,980)	(17,358)	-	(516,338)
Equipment	(526,475)	(21,578)	-	(548,053)
Infrastructure	(6,222,180)	(357,264)	-	(6,579,444)
<b>Total accumulated depreciation</b>	<b>(7,247,635)</b>	<b>(396,200)</b>	<b>-</b>	<b>(7,643,835)</b>
<b>Net depreciable assets</b>	<b>5,307,920</b>	<b>17,391</b>	<b>-</b>	<b>5,325,311</b>
<b>Total net capital assets</b>	<b>\$ 5,555,611</b>	<b>\$ 17,391</b>	<b>\$ -</b>	<b>\$ 5,573,002</b>

#### Depreciation Allocations

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or programs were as follows:

<b>Governmental Activities:</b>	
General government	\$ 27,706
Culture and leisure	16,665
Public works	370,523
Total depreciation expense governmental activities	<b>\$ 414,894</b>
<b>Business-type Activities:</b>	
Water	\$ 145,615
Wastewater	250,585
Total depreciation expense - business-type activities	<b>\$ 396,200</b>

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2015:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 419,917	\$ 305,606	\$ 2,504	\$ 728,027
Wages payable	72,907	-	-	72,907
Deposits payable	149,751	22,476	176,020	348,247
Total	<u>\$ 642,575</u>	<u>\$ 328,082</u>	<u>\$ 178,524</u>	<u>\$ 1,149,181</u>

These amounts resulted in the following concentrations in payables:

Vendors	63.4%
Employees	6.3%
Individuals/Businesses	30.3%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

## 6. NONCURRENT LIABILITIES

### Changes in Noncurrent Liabilities

Noncurrent liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 68,854	\$ 10,320	\$ -	\$ 79,174	\$ 8,102
Net OPEB Obligation	772,778	196,444	-	969,222	-
Net Pension Obligation	-	1,024,254	-	1,024,254	-
Total Governmental Activities:	<u>\$ 841,632</u>	<u>\$ 1,231,018</u>	<u>\$ -</u>	<u>\$ 2,072,650</u>	<u>\$ 8,102</u>
<b>Business-type activities:</b>					
Compensated Absences	\$ 37,916	\$ -	\$ (5,384)	\$ 32,532	\$ 9,412
Net OPEB Obligation	88,500	-	-	88,500	-
Net Pension Obligation	-	321,013	-	321,013	-
Total Business-type Activities:	<u>\$ 126,416</u>	<u>\$ 321,013</u>	<u>\$ (5,384)</u>	<u>\$ 442,045</u>	<u>\$ 9,412</u>

## 6. NONCURRENT LIABILITIES, Continued

### Claims liabilities

The City has no recorded liability for potential claims in excess of amounts covered by the insurance pool for the year ended June 30, 2015. See Note 10 for further discussion on the City's risk management activities.

### Compensated Absences

Governmental Accounting Standards Board Statement No. 16 identifies certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

City employees accumulate earned but unused benefits which can be converted to cash at termination of employment. The non-current portion of these vested benefits at June 30, 2015, total \$71,072 for governmental activities and \$23,120 for business-type activities.

### Net OPEB Obligation

A net OPEB Obligation is the cumulative difference between annual OPEB cost and an employer's contribution to a plan. At June 30, 2015, the City had a total net OPEB Obligation of \$1,057,722. Governmental activities were \$969,222 and business-type activities were \$88,500. See Note 12 for further discussion on OPEB.

## 7. NET POSITION/ FUND BALANCES

### Net Position

	Governmental Activities	Business-type Activities	Totals
Net investment in capital assets	\$ 18,152,109	\$ 5,573,002	\$ 23,725,111
Restricted	7,483,555	-	7,483,555
Unrestricted	4,312,758	3,508,567	7,821,325
Total	<u>\$ 29,948,422</u>	<u>\$ 9,081,569</u>	<u>\$ 39,029,991</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below

## 7. NET POSITION/ FUND BALANCES, Continued

### Fund Balance

Nonspendable, Restricted, and Unassigned (deficit) fund balance consisted of the following at June 30, 2015:

Nonspendable:	
Prepaid items	\$ 213,538
Total nonspendable	<u>\$ 213,538</u>
Restricted for:	
General	\$ 6,185,439
Housing	442,362
Gas Tax	646,417
Measure A	180,128
Local Transportation	29,209
Total restricted	<u>\$ 7,483,555</u>
Unassigned (deficit):	
General Fund	\$ 6,482,765
Nonmajor governmental funds (deficits)	(193,192)
Total unassigned	<u>\$ 6,289,573</u>
Total fund balances	<u><u>\$ 13,986,666</u></u>

The following describe the purpose of each nonspendable, restriction and unassigned used by the City:

### Nonspendable

**Prepaid items** - used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets.

### Restricted

**General**– represents amounts restricted as a result of the dissolution of the Buellton Redevelopment Agency.

**Housing** – includes amounts set aside to increase the number of affordable housing units as provided by affordable housing regulations.

**Gas Tax** – represents amounts restricted for street purposes by the California Streets and Highways Code.

**7. NET POSITION/ FUND BALANCES, Continued**

**Measure A** – represents amounts restricted for Measure A.

**Local Transportation** – represents amounts restricted for local transportation.

Deficit fund balances consisted of the following at June 30, 2015:

**Major Special Revenue Funds:**

Traffic Mitigation Funds - (\$64,047)

Transportation Planning - (\$129,145)

These amounts will be eliminated over time as resources become available through grants and intergovernmental revenues.

**8. INTERFUND TRANSACTIONS**

Due to and due from other funds consisted of the following as of June 30, 2015:

	Due from Other Funds	Due to Other Funds
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 188,109	\$ -
Traffic Mitigation Special Revenue	-	64,047
Transportation Planning Special Revenue	-	124,062
Total Major Funds	188,109	188,109
Total Governmental Activities	188,109	188,109

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances receivable and payable constitute long-term borrowing between the City and the Successor Agency. Each advance carries a stated interest rate and has scheduled debt service payments. Advances receivable and payable balances at June 30, 2015, are as follows:

An advance in the amount of \$1,876,208 was made from the General Fund to the Successor Agency Private Purpose Trust Fund as a result of the dissolution of redevelopment agencies in the State of California.

## 8. INTERFUND TRANSACTIONS, Continued

Transfers consisted of the following at June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Activities</u></b>		
<b><u>Major Funds:</u></b>		
General Fund	\$ 119,976	\$ 143,839
General Capital Projects	1,086,506	-
Total Major Funds	<u>1,206,482</u>	<u>143,839</u>
<b><u>Non-major Funds:</u></b>		
<b><u>Special Revenue Funds:</u></b>		
Gas Tax	-	570,023
Measure A	-	542,620
Local Transportation	50,000	-
Total Non-major Special Revenue Funds	<u>50,000</u>	<u>1,112,643</u>
Total Non-major Funds	<u>50,000</u>	<u>1,112,643</u>
<b>Total Transfers</b>	<u><u>\$ 1,256,482</u></u>	<u><u>\$ 1,256,482</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The use of one fund maximizes efficiency by consolidating all transactions.

## 9. RISK MANAGEMENT

### **Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of Buellton is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine member Executive Committee.

## 9. RISK MANAGEMENT, Continued

### Self-Insurance Programs of the Authority

Amount	Coverage Provider	Payment Source
General and Automobile Liability Claims:		
\$0 - \$30,000	Charged directly to the City's primary deposit	City funds
30,001 - 750,000	Pooled based on the City's share of losses under \$30,000	City funds
750,001 - 5,000,000	Pooled based on payroll	Authority
5,000,001 - 10,000,000	Paid under reinsurance policies	Authority
10,000,001 - 50,000,000	Covered through purchase of excess insurance policies	Authority
Workers' Compensation Claims:		
\$0 - \$50,000	Charged directly to City's primary deposit	City funds
50,001 - 100,000	Pooled based on the member's share of losses under \$50,000	City funds
100,001 - 2,000,000	Pooled based on payroll	Authority
2,000,001 - 4,000,000	Covered through purchase of excess insurance policies	Authority
4,000,001 - 10,000,000	Covered through purchase of excess insurance policies	Authority

### Purchased Insurance

***Environmental Insurance*** – The City of Buellton participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Buellton. Coverage is on a claims-made basis. There is a \$50,000 deductible.

***Earthquake and Flood Insurance*** – The City of Buellton purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Buellton property currently has earthquake protection in the amount of \$6,262,385. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

***Crime Insurance*** – The City of Buellton purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

### Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior fiscal year.

## 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

### A. General Information about the Pension Plans

**Plan Descriptions** - All qualified full-time employees are eligible to participate in the City's Miscellaneous First Tier Plan and Miscellaneous PEPR Plan (The Plans), agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous Plan</u>
Hire date	Prior to January 1, 1978
Benefit formula	2% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	55
Monthly benefits, as a % of eligible compensation	2% to 2.7%
Required employee contribution rates	7%
Required employer contribution rates	13.85%

## 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

### A. General Information about the Pension Plans, Continued

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 154,787
Contributions - employee (paid employer)	-

### ***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2015, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 1,345,267
Total Net Pension Liability	<u>\$ 1,345,267</u>

**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued**

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2014	0.02162%

For the year ended June 30, 2015, the City recognized pension expense of \$137,877. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions paid to CalPERS subsequent to measurement date	\$ 234,747	\$ -
Differences between actual and expected economic experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of the contributions	-	-
Net differences between projected and actual earnings on plan investments	-	399,981
Total	<u>\$ 234,747</u>	<u>\$ 399,981</u>

\$234,347 reported as deferred outflows of resources related to contributions subsequent to the measurement date and other contribution differences, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

**10. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS), Continued**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	
2016	\$ (129,489)
2017	105,258
2018	105,258
2019	84,207
2020	-
Thereafter	-

**Actuarial Assumptions** -The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Assumptions	
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.5%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment Rate of Return	7.50% net pension plan investment and administrative expenses; includes inflation
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter.

The underlying mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS’ website under Forms and Publications.

## 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

## 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Year 11+ <sup>2</sup>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Miscellaneous	2,296,244	1,345,267	556,047

**Pension Plan Fiduciary Net Position** -Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plans** - At June 30, 2015, the City reported a payable of \$165,184 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

## 11. POSTEMPLOYMENT HEALTH CARE BENEFITS

### *Plan Description*

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City contributes up to \$800 per month on behalf of each active employee and covered dependents. The employee is responsible for excess, if any of the total PEMHCA premium over \$800 per month.

The City offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverage's offered under PEMHCA.

Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City's contribution on behalf of retirees is the same as for active employees - 100% of PEMHCA premium for retiree and covered dependents, but not to exceed \$800 per month. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses.

Membership of the plan consisted of the following at June 30, 2015

Retirees and beneficiaries receiving benefits	8
Current staff receiving benefits	0
Other participants not yet fully eligible for benefits	18
<b>Total</b>	<b>26</b>

The City pays a 0.43% of premium administrative fee on behalf of employees and retirees.

### *Funding Policy*

As required by GASB Statement No. 45, an actuary will determine the City's Annual Required Contribution (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years. GASB Statement No. 45 does not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City. Typically, the General Fund has been used in the past to liquidate the net OPEB obligation.

## 11. POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

### *Annual OPEB Cost and Net OPEB Obligation*

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB Cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

Annual required contribution (ARC)	\$ 264,555
Interest on net OPEB Obligation	34,451
Adjustment to annual required contribution	<u>(49,808)</u>
Annual OPEB cost (expense)	\$ 249,198
Employer contributions made	<u>(52,754)</u>
Increase (Decrease) in net OPEB obligation	\$ 196,444
Net OPEB Obligation - beginning of year	<u>861,278</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,057,722</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 256,515	19%	\$ 658,042
6/30/14	252,822	20%	861,278
6/30/15	249,198	21%	1,057,722

### *Funded Status and Funding Progress*

The funded status of the plan as June 30, 2015, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,862,711
Actuarial value of Plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 1,862,711
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll (active Plan participants)	\$ 1,196,377
UAAL as a percentage of covered payroll	155.7%

## **11. POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued**

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### ***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of July 1, 2012. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4 percent investment rate (net of administrative expense) and an annual health care cost trend rate of 8 percent to better reflect expectations of average premium increases over the next several years. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of July 1, 2012, was 30 years.

## **12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Buellton that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On June 4, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-02.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

## **12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued**

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2012. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Community Development Fund.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss) in the June 30, 2012 financial statements.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

## **12. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued**

**Investment in Land and Building Held for Resale** – consists of a commercial condominium purchased by the Former Redevelopment Agency for the Visitor’s Bureau headquarters. The purchase cost was \$345,682 and represents the value received for disposition by the Successor Agency.

## **13. COMMITMENTS AND CONTINGENCIES**

The City is a party to claims and lawsuits arising in the ordinary course of business. The City’s management and legal council are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the City. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

## **14. JOINT OPERATING AGREEMENTS**

**Water operations** – The Central Coast Water Authority (CCWA) is a Joint Power Authority authorized to finance, develop, operate, and maintain the Mission Hills and Santa Ynez extension to the Coastal Branch Phase II Extension of the California aqueduct of the State water project. Each member has entered into a water supply agreement with the Authority to pay their proportionate share of the project costs from local water revenues. These costs are reported in the Water Fund as operations and maintenance.

## **15. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 72, “*Fair Value Measurement and Application*”. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

## **15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, “Accounting and Financial Reporting for Pensions”, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, “Financial Reporting for Pension Plans”, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

The GASB has issued Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

## **15. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, for OPEB. Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, establishes new accounting and financial reporting requirements for OPEB plans. Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

The GASB has issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

The GASB has issued Statement No. 77, “Tax Abatement Disclosures”. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015

**REQUIRED SUPPLEMENTARY INFORMATION**

# City of Buellton, California

## Required Supplementary Information - Schedule of Contributions

### Miscellaneous Plan

Last 10 Fiscal Years\*

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	<u>2014</u>
Actuarially determined contribution	\$ 154,787
Contributions in relation to the actuarially determined contributions	<u>(154,787)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,158,940
Contribution as a percentage of covered-employee payroll	13.36%

#### Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

## City of Buellton, California

### Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability

#### Miscellaneous Plan

Last 10 Fiscal Years\*

	<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.02162%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,345,267
Plan's Covered-Employee Payroll	\$ 1,158,940
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	116.08%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.23%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 157,466

#### Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first year was available.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NON-MAJOR GOVERNMENTAL FUNDS

<b>Fund Type</b>	<b>Description</b>
Housing Fund	Accounts for funds used to maintain the City's supply of affordable housing.
Gas Tax Fund	Accounts for funds received and expended for street maintenance as defined in the Streets and Highways Code.
Measure A Fund	Accounts for revenues and expenditures of Measure A funds.
Local Transportation Fund	Accounts for revenues and expenditures used for local transportation funds.

**City of Buellton, California**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2015**

	<b>Special Revenue Funds</b>		
	Housing Fund	Gas Tax Fund	Measure A Fund
<b>ASSETS</b>			
Cash and investments	\$ 442,056	\$ 586,031	\$ 211,315
Receivables:			
Accounts	-	73,165	-
Interest	306	369	118
Prepaid items	-	-	-
<b>Total assets</b>	<b>\$ 442,362</b>	<b>\$ 659,565</b>	<b>\$ 211,433</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 13,148	\$ 31,305
<b>Total liabilities</b>	<b>-</b>	<b>13,148</b>	<b>31,305</b>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid items	-	-	-
Restricted	442,362	646,417	180,128
<b>Total fund balances</b>	<b>442,362</b>	<b>646,417</b>	<b>180,128</b>
<b>Total liabilities and fund balances</b>	<b>\$ 442,362</b>	<b>\$ 659,565</b>	<b>\$ 211,433</b>

**Special Revenue Funds**

Local Transportation Fund	Total Non-major Governmental Funds
\$ 35,037	\$ 1,274,439
-	73,165
-	793
1,667	1,667
<u>\$ 36,704</u>	<u>\$ 1,350,064</u>
<u>\$ 5,828</u>	<u>\$ 50,281</u>
<u>5,828</u>	<u>50,281</u>
1,667	1,667
<u>29,209</u>	<u>1,298,116</u>
<u>30,876</u>	<u>1,299,783</u>
<u>\$ 36,704</u>	<u>\$ 1,350,064</u>

**City of Buellton, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the year ended June 30, 2015**

	<b>Special Revenue Funds</b>		
	Housing Fund	Gas Tax Fund	Measure A Fund
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ 215,283	\$ 336,806
Use of money and property	1,024	1,585	456
Other	-	-	15,062
<b>Total revenues</b>	<u>1,024</u>	<u>216,868</u>	<u>352,324</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	1,130	250	-
<b>Total expenditures</b>	<u>1,130</u>	<u>250</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(106)</u>	<u>216,618</u>	<u>352,324</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	(570,023)	(542,620)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>(570,023)</u>	<u>(542,620)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>(106)</u>	<u>(353,405)</u>	<u>(190,296)</u>
<b>FUND BALANCES:</b>			
Beginning of year	442,468	999,822	370,424
End of year	<u>\$ 442,362</u>	<u>\$ 646,417</u>	<u>\$ 180,128</u>

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**Special Revenue Funds**

Local Transportation Fund	Total Non-major Governmental Funds
\$ 3,767	\$ 555,856
148	3,213
-	15,062
<u>3,915</u>	<u>574,131</u>
<u>25,364</u>	<u>26,744</u>
<u>25,364</u>	<u>26,744</u>
<u>(21,449)</u>	<u>547,387</u>
50,000	50,000
-	(1,112,643)
<u>50,000</u>	<u>(1,062,643)</u>
28,551	(515,256)
<u>2,325</u>	<u>1,815,039</u>
<u>\$ 30,876</u>	<u>\$ 1,299,783</u>

**City of Buellton, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Housing Special Revenue Fund**

**For the year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 5,000	\$ 5,000	\$ 1,024	\$ (3,976)
<b>Total revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>1,024</b>	<b>(3,976)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	3,000	3,000	1,130	1,870
<b>Total expenditures</b>	<b>3,000</b>	<b>3,000</b>	<b>1,130</b>	<b>1,870</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>2,000</b>	<b>2,000</b>	<b>(106)</b>	<b>(2,106)</b>
<b>Net change in fund balances</b>	<b>2,000</b>	<b>2,000</b>	<b>(106)</b>	<b>(2,106)</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	442,468	442,468	442,468	-
End of year	\$ 444,468	\$ 444,468	\$ 442,362	\$ (2,106)

**City of Buellton, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Gas Tax Special Revenue Fund**

**For the year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 197,267	\$ 197,267	\$ 215,283	\$ 18,016
Use of money and property	2,000	2,000	1,585	(415)
<b>Total revenues</b>	<b>199,267</b>	<b>199,267</b>	<b>216,868</b>	<b>17,601</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	142,000	142,000	250	141,750
<b>Total expenditures</b>	<b>142,000</b>	<b>142,000</b>	<b>250</b>	<b>141,750</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>57,267</b>	<b>57,267</b>	<b>216,618</b>	<b>159,351</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(744,000)	(744,000)	(570,023)	173,977
<b>Total other financing sources (uses)</b>	<b>(744,000)</b>	<b>(744,000)</b>	<b>(570,023)</b>	<b>173,977</b>
<b>Net change in fund balances</b>	<b>(686,733)</b>	<b>(686,733)</b>	<b>(353,405)</b>	<b>333,328</b>
<b>FUND BALANCES:</b>				
Beginning of year	999,822	999,822	999,822	-
End of year	\$ 313,089	\$ 313,089	\$ 646,417	\$ 333,328

**City of Buellton, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Measure A Special Revenue Fund**

**For the year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 322,897	\$ 322,897	\$ 336,806	\$ 13,909
Use of money and property	350	350	456	106
Other	-	-	15,062	15,062
<b>Total revenues</b>	<b>323,247</b>	<b>323,247</b>	<b>352,324</b>	<b>29,077</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>323,247</b>	<b>323,247</b>	<b>352,324</b>	<b>29,077</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(807,397)	(807,397)	(542,620)	264,777
<b>Total other financing sources (uses)</b>	<b>(807,397)</b>	<b>(807,397)</b>	<b>(542,620)</b>	<b>264,777</b>
<b>Net change in fund balances</b>	<b>(484,150)</b>	<b>(484,150)</b>	<b>(190,296)</b>	<b>293,854</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	370,424	370,424	370,424	-
End of year	\$ (113,726)	\$ (113,726)	\$ 180,128	\$ 293,854

**City of Buellton, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Local Transportation Special Revenue Fund**

**For the year ended June 30, 2015**

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 3,718	\$ 3,718	\$ 3,767	\$ 49
Use of money and property	150	150	148	(2)
<b>Total revenues</b>	<b>3,868</b>	<b>3,868</b>	<b>3,915</b>	<b>47</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	101,100	101,100	25,364	75,736
<b>Total expenditures</b>	<b>101,100</b>	<b>101,100</b>	<b>25,364</b>	<b>75,736</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(97,232)</b>	<b>(97,232)</b>	<b>(21,449)</b>	<b>75,783</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	126,100	126,100	50,000	(76,100)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>126,100</b>	<b>126,100</b>	<b>50,000</b>	<b>(76,100)</b>
<b>Net change in fund balances</b>	<b>28,868</b>	<b>28,868</b>	<b>28,551</b>	<b>(317)</b>
<b>FUND BALANCES (Deficit):</b>				
Beginning of year	2,325	2,325	2,325	-
End of year	\$ 31,193	\$ 31,193	\$ 30,876	\$ (317)

**City of Buellton, California**  
**Statement of Changes in Assets and Liabilities**  
**Deposits Agency Fund**  
**For the year ended June 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS</b>				
Cash and investments	\$ 150,535	\$ 50,743	\$ (25,380)	\$ 175,898
Receivables:				
Interest	-	122	-	122
<b>Total assets</b>	<u>\$ 150,535</u>	<u>\$ 50,865</u>	<u>\$ (25,380)</u>	<u>\$ 176,020</u>
<b>LIABILITIES</b>				
Refundable deposits	\$ 150,535	\$ 50,743	\$ (25,258)	\$ 176,020
<b>Total liabilities</b>	<u>\$ 150,535</u>	<u>\$ 50,743</u>	<u>\$ (25,258)</u>	<u>\$ 176,020</u>

## STATISTICAL SECTION

This part of the City of Buellton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page(s)</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	102-112
<b>Revenue Capacity</b> generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	113-118
<b>Debt Capacity</b> These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt	119-121
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	122
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	124-129

**Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.**

**City of Buellton, California**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**  
**(Accrual basis of accounting)**

	2006	2007	2008	2009
<b>Governmental activities</b>				
Net investment in capital assets	\$ 10,289,733	\$ 16,797,701	\$ 16,246,876	\$ 17,157,515
Restricted	626,250	-	-	-
Unrestricted	9,427,610	11,753,103	12,960,500	12,919,389
<b>Total governmental activities net position</b>	<b>\$ 20,343,593</b>	<b>\$ 28,550,804</b>	<b>\$ 29,207,376</b>	<b>\$ 30,076,904</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 5,530,652	\$ 5,255,393	\$ 5,389,703	5,151,913
Restricted	-	-	-	-
Unrestricted	5,524,798	6,111,889	6,514,815	6,653,810
<b>Total business-type activities net position</b>	<b>\$ 11,055,450</b>	<b>\$ 11,367,282</b>	<b>\$ 11,904,518</b>	<b>\$ 11,805,723</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 15,820,385	\$ 22,053,094	\$ 21,636,579	\$ 22,309,428
Restricted	626,250	-	-	-
Unrestricted	14,952,408	17,864,992	19,475,315	19,573,199
<b>Total primary government net position</b>	<b>\$ 31,399,043</b>	<b>\$ 39,918,086</b>	<b>\$ 41,111,894</b>	<b>\$ 41,882,627</b>

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 16,562,754	\$ 16,445,038	\$ 17,403,453	\$ 17,650,808	\$ 17,499,108	\$ 18,152,109
-	4,282,496	1,848,781	7,993,664	7,986,418	7,483,555
12,391,360	8,470,455	11,014,594	5,323,390	5,301,357	4,312,758
<u>\$ 28,954,114</u>	<u>\$ 29,197,989</u>	<u>\$ 30,266,828</u>	<u>\$ 30,967,862</u>	<u>\$ 30,786,883</u>	<u>\$ 29,948,422</u>
\$ 5,096,842	\$ 5,530,407	\$ 5,563,438	\$ 5,420,400	\$ 5,555,611	\$ 5,573,002
-	-	-	-	-	-
6,381,738	5,604,145	5,136,194	4,859,019	4,218,343	3,508,567
<u>\$ 11,478,580</u>	<u>\$ 11,134,552</u>	<u>\$ 10,699,632</u>	<u>\$ 10,279,419</u>	<u>\$ 9,773,954</u>	<u>\$ 9,081,569</u>
\$ 21,659,596	\$ 21,975,445	\$ 22,966,891	\$ 23,071,208	\$ 23,054,719	\$ 23,725,111
-	4,282,496	1,848,781	7,993,664	7,986,418	7,483,555
18,773,098	14,074,600	16,150,788	10,182,409	9,519,700	7,821,325
<u>\$ 40,432,694</u>	<u>\$ 40,332,541</u>	<u>\$ 40,966,460</u>	<u>\$ 41,247,281</u>	<u>\$ 40,560,837</u>	<u>\$ 39,029,991</u>

# City of Buellton, California

## Changes in Net Position

### Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,963,313	\$ 1,063,958	\$ 1,139,402	\$ 952,729
Community development	2,062,763	610,397	617,300	908,792
Culture and leisure	72,149	1,737,275	2,311,368	607,147
Public safety	1,257,100	1,346,880	1,563,977	1,640,233
Public works	3,790,856	684,238	795,921	886,380
Unallocated depreciation	-	677,340	685,152	705,212
Total governmental activities expenses	<u>9,146,181</u>	<u>6,120,088</u>	<u>7,113,120</u>	<u>5,700,493</u>
Business-type activities:				
Water Utility	1,533,373	1,621,907	1,543,927	1,591,019
Wastewater Utility	719,227	781,517	825,680	869,595
Total business-type activities expenses	<u>2,252,600</u>	<u>2,403,424</u>	<u>2,369,607</u>	<u>2,460,614</u>
Total primary government expenses	<u>11,398,781</u>	<u>8,523,512</u>	<u>9,482,727</u>	<u>8,161,107</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	326,229	240,516	338,389	186,909
Community development	-	-	-	42,818
Culture and leisure	-	128,955	74,040	82,900
Public safety	-	17,477	32,747	12,210
Public works	-	-	-	-
Operating grants and contributions	29,565	439,319	313,596	286,756
Capital grants and contributions	-	1,156,790	797,368	474,562
Total governmental activities program revenues:	<u>355,794</u>	<u>1,983,057</u>	<u>1,556,140</u>	<u>1,086,155</u>
Business-type activities:				
Charges for services:				
Water utility	1,456,241	1,480,189	1,495,709	1,467,933
Sewer utility	622,440	561,989	562,467	556,822
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	367,055	563,863	179,062
Total business-type activities program revenues:	<u>2,078,681</u>	<u>2,409,233</u>	<u>2,622,039</u>	<u>2,203,817</u>
Total primary government program revenues	<u>2,434,475</u>	<u>4,392,290</u>	<u>4,178,179</u>	<u>3,289,972</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(8,790,387)	(4,137,031)	(5,556,980)	(4,614,338)
Business-type activities	(173,919)	5,809	252,432	(256,797)
Total primary government net expense	<u>(8,964,306)</u>	<u>(4,131,222)</u>	<u>(5,304,548)</u>	<u>(4,871,135)</u>

2010	2011	2012	2013	2014	2015
\$ 1,027,858	\$ 1,040,330	\$ 1,484,345	\$ 1,519,771	\$ 1,771,834	\$ 783,769
1,343,533	947,844	1,131,764	313,216	469,675	1,192,571
648,944	638,904	621,570	588,733	595,098	607,761
1,755,474	1,804,188	1,350,473	1,872,020	1,792,569	1,801,989
1,743,224	819,223	862,578	1,526,752	2,568,183	1,959,864
723,587	737,978	-	-	-	-
7,242,620	5,988,467	5,450,730	5,820,492	7,197,359	6,345,954
1,633,422	1,623,335	1,699,457	1,734,083	1,679,681	1,822,088
909,121	842,378	771,940	847,522	453,728	957,261
2,542,543	2,465,713	2,471,397	2,581,605	2,133,409	2,779,349
9,785,163	8,454,180	7,922,127	8,402,097	9,330,768	9,125,303
133,995	92,618	1,712	3,975	51,250	9,095
42,818	160,854	-	-	-	-
183,933	155,316	59,786	231,337	271,231	306,560
58,207	66,616	48,678	47,982	38,129	37,594
-	-	88,865	9,480	27,840	106,974
400,787	356,627	1,225,407	919,707	639,327	555,856
225,429	182,490	-	-	-	-
1,045,169	1,014,521	1,424,448	1,212,481	1,027,777	1,016,079
1,467,931	1,387,651	1,388,813	1,460,658	1,549,410	1,436,127
569,344	572,545	597,963	649,703	695,725	734,289
-	-	462	3,250	1,699	293,817
108,960	114,575	34,720	36,380	-	-
2,146,235	2,074,771	2,021,958	2,149,991	2,246,834	2,464,233
3,191,404	3,089,292	3,446,406	3,362,472	3,274,611	3,480,312
(6,197,451)	(4,973,946)	(4,026,282)	(4,608,011)	(6,169,582)	(5,329,875)
(396,308)	(390,942)	(449,439)	(431,614)	113,425	(315,116)
(6,593,759)	(5,364,888)	(4,475,721)	(5,039,625)	(6,056,157)	(5,644,991)

(continued)

**City of Buellton, California**  
**Changes in Net Position, Continued**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**  
**(Accrual basis of accounting)**

	2006	2007	2008	2009
Continued from previous page:				
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Secured and unsecured property taxes	1,410,284	1,408,990	1,683,116	1,713,355
Sales and use tax	1,541,828	1,616,089	1,878,982	1,539,733
Transient lodging tax	1,142,210	1,273,905	1,290,705	1,223,797
Franchise taxes	-	132,300	136,557	142,731
Other taxes	776,961	393,784	384,178	405,637
Investment income	593,226	878,259	814,768	448,519
Other general revenues	189,030	69,799	25,246	10,094
Transfer from fiduciary activities	-	-	-	-
Transfer in (out)	-	-	-	-
Extraordinary item	-	-	-	-
Total governmental activities	<u>5,653,539</u>	<u>5,773,126</u>	<u>6,213,552</u>	<u>5,483,866</u>
Business-type activities:				
Use of money and property	193,712	277,670	252,798	131,760
Other revenues	154,781	28,353	32,006	26,242
Transfer in (out)	-	-	-	-
Total business-type activities	<u>348,493</u>	<u>306,023</u>	<u>284,804</u>	<u>158,002</u>
Total primary government	<u>6,002,032</u>	<u>6,079,149</u>	<u>6,498,356</u>	<u>5,641,868</u>
<b>Changes in Net Position</b>				
Governmental activities	(3,136,848)	1,636,095	656,572	869,528
Business-type activities	174,574	311,832	537,236	(98,795)
Total primary government	<u><u>\$ (2,962,274)</u></u>	<u><u>\$ 1,947,927</u></u>	<u><u>\$ 1,193,808</u></u>	<u><u>\$ 770,733</u></u>

Source: City Finance Department

2010	2011	2012	2013	2014	2015
1,750,774	1,718,074	1,679,732	1,528,000	1,116,510	1,146,289
1,414,049	1,552,752	1,611,788	1,744,085	1,935,411	1,943,723
1,164,409	1,193,216	1,239,617	1,344,904	1,604,086	1,830,275
131,659	209,220	202,981	207,922	216,444	418,586
403,748	411,514	383,604	381,358	387,905	220,140
129,300	127,128	268,680	102,197	41,160	107,885
13,632	5,917	-	579	1,192	54,257
-	-	-	-	59,073	-
-	-	-	-	626,822	-
-	-	(291,281)	-	-	-
<u>5,007,571</u>	<u>5,217,821</u>	<u>5,095,121</u>	<u>5,309,045</u>	<u>5,988,603</u>	<u>5,721,155</u>
39,922	23,774	14,519	11,401	7,932	8,146
29,243	23,140	-	-	-	-
-	-	-	-	(626,822)	-
<u>69,165</u>	<u>46,914</u>	<u>14,519</u>	<u>11,401</u>	<u>(618,890)</u>	<u>8,146</u>
<u>5,076,736</u>	<u>5,264,735</u>	<u>5,109,640</u>	<u>5,320,446</u>	<u>5,369,713</u>	<u>5,729,301</u>
(1,189,880)	243,875	1,068,839	701,034	(180,979)	391,280
<u>(327,143)</u>	<u>(344,028)</u>	<u>(434,920)</u>	<u>(420,213)</u>	<u>(505,465)</u>	<u>(306,970)</u>
<u>\$ (1,517,023)</u>	<u>\$ (100,153)</u>	<u>\$ 633,919</u>	<u>\$ 280,821</u>	<u>\$ (686,444)</u>	<u>\$ 84,310</u>

(concluded)

**City of Buellton, California**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**  
**(Modified accrual basis of accounting)**

	2006	2007	2008	2009
<b>General Fund:</b>				
Nonspendable	\$ 3,759,836	\$ 7,479,546	\$ 7,782,741	\$ 7,957,130
Restricted	-	-	-	-
Committed	626,250	-	-	-
Unassigned	4,696,058	2,668,372	2,768,083	2,974,145
<b>Total general fund</b>	<u>9,082,144</u>	<u>10,147,918</u>	<u>10,550,824</u>	<u>10,931,275</u>
<b>All Other Governmental Funds:</b>				
Nonspendable	200,053	203,787	205,181	208,069
Restricted	4,715,297	5,156,233	6,123,560	6,751,213
Unassigned (deficit)	(3,908,801)	(3,717,810)	(3,869,785)	(4,916,803)
<b>Total all other governmental funds</b>	<u>1,006,549</u>	<u>1,642,210</u>	<u>2,458,956</u>	<u>2,042,479</u>
<b>Total all governmental funds</b>	<u>\$ 10,088,693</u>	<u>\$ 11,790,128</u>	<u>\$ 13,009,780</u>	<u>\$ 12,973,754</u>

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 8,067,010	\$ 2,968,765	\$ 114,737	\$ 98,630	\$ 267,916	\$ 211,871
-	-	-	6,169,316	6,173,046	6,185,439
-	25,000	-	-	-	-
3,187,103	9,045,094	11,334,055	5,829,005	6,050,021	6,482,765
<u>11,254,113</u>	<u>12,038,859</u>	<u>11,448,792</u>	<u>12,096,951</u>	<u>12,490,983</u>	<u>12,880,075</u>
225,917	5,971	200,000	201,667	1,667	1,667
7,016,895	4,282,496	1,848,781	1,824,348	1,813,372	1,298,116
<u>(6,091,969)</u>	<u>(3,439,610)</u>	<u>(277,578)</u>	<u>(273,652)</u>	<u>(245,469)</u>	<u>(193,192)</u>
<u>1,150,843</u>	<u>848,857</u>	<u>1,771,203</u>	<u>1,752,363</u>	<u>1,569,570</u>	<u>1,106,591</u>
<u>\$ 12,404,956</u>	<u>\$ 12,887,716</u>	<u>\$ 13,219,995</u>	<u>\$ 13,849,314</u>	<u>\$ 14,060,553</u>	<u>\$ 13,986,666</u>

**City of Buellton, California**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**  
**(Modified accrual basis of accounting)**

<b>Revenues:</b>	2006	2007	2008	2009
Taxes	\$ 4,388,271	\$ 4,476,399	\$ 5,002,441	\$ 4,641,967
Licenses, permits, and fees	114,470	186,321	254,325	90,702
Intergovernmental	398,107	1,454,554	1,337,608	1,068,235
Charges for services	-	128,955	74,040	82,900
Fines and forfeitures	270,080	54,015	38,240	36,951
Use of money and property	649,375	938,109	874,615	508,368
Other	189,030	517,830	188,423	140,898
<b>Total revenues</b>	<b>6,009,333</b>	<b>7,756,183</b>	<b>7,769,692</b>	<b>6,570,021</b>
<b>Expenditures:</b>				
Current:-				
General government	913,367	1,061,623	964,392	946,501
Community development	2,404,698	601,277	616,123	1,084,618
Culture and leisure	72,007	1,237,275	2,306,960	606,549
Public safety	1,257,100	1,346,880	1,560,994	1,638,619
Public works	4,198,719	684,238	794,403	885,508
Capital outlay	396,026	1,346,712	307,168	1,444,252
<b>Total expenditures</b>	<b>9,241,917</b>	<b>6,278,005</b>	<b>6,550,040</b>	<b>6,606,047</b>
<b>Reconciliation of Governmental Revenues</b>				
<b>Less Expenditures to Fund Equity:</b>				
Revenues over (under) expenditures	\$ (3,232,584)	\$ 1,478,178	\$ 1,219,652	\$ (36,026)
Other financing sources (uses):				
Proceeds from sales of assets	-	-	-	-
Transfer from Successor Agency Private Purpose Trust	-	-	-	-
Extraordinary loss on dissolution of redevelopment	-	-	-	-
Transfers in	427,721	1,000,000	1,800,000	-
Transfers out	(427,721)	(1,000,000)	(1,800,000)	-
Payment to Santa Barbara County	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	<b>\$ (3,232,584)</b>	<b>\$ 1,478,178</b>	<b>\$ 1,219,652</b>	<b>\$ (36,026)</b>
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 4,339,672	\$ 4,696,667	\$ 4,917,859	\$ 5,246,898	\$ 5,260,356	\$ 5,179,413
74,144	30,049	85,777	13,666	79,181	10,854
1,027,513	1,106,355	1,230,607	879,078	639,327	942,106
183,933	155,316	-	165,717	189,475	284,829
44,809	48,342	49,223	49,261	39,203	37,508
189,152	189,696	525,508	162,312	108,775	107,885
48,632	5,917	1,876	4,594	14,168	169,351
<u>5,907,855</u>	<u>6,232,342</u>	<u>6,810,850</u>	<u>6,521,526</u>	<u>6,330,485</u>	<u>6,731,946</u>
995,266	1,002,400	1,046,267	1,317,924	1,511,614	568,229
1,312,599	911,843	1,131,764	313,216	262,175	1,192,571
629,171	621,181	608,804	575,128	590,873	591,096
1,755,474	1,804,188	1,350,473	1,872,020	1,792,569	1,801,989
1,540,579	789,708	660,515	1,303,965	1,225,306	1,567,534
310,654	620,262	1,389,467	510,038	1,215,104	1,089,702
<u>6,543,743</u>	<u>5,749,582</u>	<u>6,187,290</u>	<u>5,892,291</u>	<u>6,597,641</u>	<u>6,811,121</u>
\$ (635,888)	\$ 482,760	\$ 623,560	\$ 629,235	\$ (267,156)	\$ (79,175)
-	-	-	-	-	5,288
-	-	-	-	59,073	-
-	-	(291,281)	-	-	-
-	4,602,777	-	-	1,264,556	1,256,482
-	(4,602,777)	-	-	(637,734)	(1,256,482)
-	-	-	-	(207,500)	-
-	-	(291,281)	-	478,395	5,288
<u>\$ (635,888)</u>	<u>\$ 482,760</u>	<u>\$ 332,279</u>	<u>\$ 629,235</u>	<u>\$ 211,239</u>	<u>\$ (73,887)</u>
<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

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**City of Buellton, California**  
**Assessed Value and Actual Value of Taxable Property**  
**For the last ten fiscal years**

	City			Former Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable	Secured	Unsecured	Taxable	
			Assessed Value			Assessed Value	
FY 05-06	574,383,945	24,949,831	599,333,776	74,993,984	8,058,041	83,052,025	1.000%
FY 06-07	621,975,128	27,378,443	649,353,571	79,183,064	8,682,562	87,865,626	1.000%
FY 07-08	679,402,694	28,649,150	708,051,844	88,497,770	7,892,351	96,390,121	1.000%
FY 08-09	707,619,233	34,655,099	742,274,332	103,932,132	8,554,860	112,486,992	1.000%
FY 09-10	686,233,598	53,552,918	739,786,516	107,966,325	9,107,721	117,074,046	1.000%
FY 10-11	684,320,951	55,490,755	739,811,706	108,444,880	8,877,972	117,322,852	1.000%
FY 11-12	683,948,070	58,348,786	742,296,856	108,257,121	7,676,358	115,933,479	1.000%
FY 12-13	677,670,315	56,809,979	734,480,294	107,901,412	7,364,330	115,265,742	1.000%
FY 13-14	693,882,411	58,627,154	752,509,565	109,941,037	7,636,523	117,577,560	1.000%
FY 14-15	715,256,461	48,056,143	763,312,604	111,820,186	7,764,135	119,584,321	1.000%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**City of Buellton, California**  
**Direct and Overlapping Tax Rates**  
**For the last ten fiscal years**  
**(Rate per \$1,000 of assessed value)**

	Direct Rates		Overlapping Rates	
	Basic Rate	Total Direct	Buellton Union School District 1992	Buellton Union School District 2004
FY 05-06	1.000	1.000	0.0526	-
FY 06-07	1.000	1.000	0.0241	0.0279
FY 07-08	1.000	1.000	0.0234	0.0279
FY 08-09	1.000	1.000	0.0231	0.0279
FY 09-10	1.000	1.000	0.0242	0.0279
FY 10-11	1.000	1.000	0.0242	0.0279
FY 11-12	1.000	1.000	0.0250	0.0288
FY 12-13	1.000	1.000	0.0250	0.0298
FY 13-14	1.000	1.000	0.0250	0.0298
FY 14-15	1.000	1.000	0.0250	0.0298

Note: In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies whose boundaries include the subject property. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of debt issued by the taxing agencies shown above.

\* The RDA rate is based on the largest RDA tax rate area (TRA) and includes only rates from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. In accordance with the timeline set forth in AB1x26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Source: County of Santa Barbara Auditor-Controller's Office

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AHCC Bond 2006	Total Tax Rate	Redevelopment Agency *
-	1.05255	1.05255
0.0250	1.07706	1.07706
0.0248	1.07609	1.07609
0.0250	1.07599	1.07599
0.0250	1.07714	1.07714
0.0250	1.07714	1.07714
0.0250	1.07871	-
0.0250	1.07972	-
0.0250	1.07972	-
0.0250	1.07972	-

**City of Buellton, California**  
**Principal Property Tax Payers - Secured Roll Only**  
**Current Year and Six Years Ago**

Property Owner	FY 2014-15			FY 2009-10		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
FPA Flying Flags Associates, LP	\$ 15,198,273	1	18.7%	\$ 14,467,701	2	17.3%
Oak Springs Village Properties LLC	12,390,578	2	15.2%	15,606,000	1	18.7%
Kang Family Partners	8,578,224	3	10.5%	7,811,985	5	9.3%
Buellton Self-Storage, LP	7,424,283	4	9.1%	7,969,779	4	9.5%
Kaywine, LLC	6,965,746	5	8.6%	-	-	-
Santa Ynez Valley Properties, LP	6,774,328	6	8.3%	-	-	-
ABS CA-O LLC	6,521,553	7	8.0%	-	-	-
Los Olivos Meadows LLC	6,277,244	8	7.7%	-	-	-
Santa Ynez Self Storage, LLC	5,899,127	9	7.2%	5,626,454	7	6.7%
Buellton Village Center, LLC	5,399,500	10	6.6%	-	-	-
Hauber Family Trust	-	-	-	5,050,479	8	6.0%
Los Padres Properties	-	-	-	4,879,567	10	5.8%
Buellton Industrial Partners II, LLC	-	-	-	11,113,702	3	13.3%
New Albertsons, Inc	-	-	-	6,208,066	6	7.4%
Santa Ynez Band of Mission Indians	-	-	-	4,900,000	9	5.9%
	<u>\$81,428,856</u>		<u>100.0%</u>	<u>\$83,633,733</u>		<u>100.0%</u>

Source: County of Santa Barbara Auditor-Controller's Office

## City of Buellton, California

### Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order) Current Year and Five Years Ago

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Jan-Mar 2015	Oct-Dec 2010
Rio Vista Chevrolet	Toms Gas & Market
Jim Vreeland Ford	Rio Vista Chevrolet
Toms Gas & Market	Jim Vreeland Ford
Buellton Shell	Buellton Shell
Conserv Fuel	Tim Fuel
Albertsons	Todd Pipe & Supply
CVS Pharmacy	Albertsons
Pfg	Longs
Todd Pipe & Supply	Platinum Performance
Platinum Performance	Buellton Chevron
Tesoro Refining & Marketing	Ralphs Valley Service
Terravant Wine Company	Eagle Energy
The Hitching Post II	Hitching Post
Buellton Mobil	Andersons Pea Soup
Eagle Energy	AJ Spurs Saloon & Dining Hall
Platinum Performance Vet	Santa Ynez Valley Marriot
Andersons Pea Soup	McDonalds
AJ Spurs Saloon & Dining Hall	Firestone Walker Brewing
Firestone Walker Brewery	Carls Jr.
Farm Supply	Thin Film Technology
Santa Ynez Valley Mariott	Coast Auto Sales
McDonalds	Mother Hubbards
Industrial Eats	New West Catering
Wild Wood Door Factory	Gracian Agricultural
O'Reilly Auto Parts	Sears

Note: The lists above includes both public and private entities for the most recent and prior comparable period available and therefore the dollar values have been omitted because the information is not public information. Rankings are determined by the sales dollar amount.

Source: City Finance Department

**City of Buellton, California**  
**Property Tax Levies and Collections**  
**For the last ten fiscal years**

Fiscal Year Ended June 30,	Countywide Full Cash Value	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 459,630,599	\$ 855,657	\$ 843,410	98.6%	\$ 12,247	\$ 855,657	100.0%
2007	508,780,407	928,269	908,772	97.9%	19,497	928,269	100.0%
2008	547,037,318	1,024,612	999,816	97.6%	24,796	1,024,612	100.0%
2009	570,319,442	1,087,350	1,056,581	97.2%	30,769	1,087,350	100.0%
2010	573,825,003	1,098,733	1,071,856	97.6%	26,877	1,098,733	100.0%
2011	575,911,027	1,099,024	1,080,276	98.3%	18,748	1,099,024	100.0%
2012	582,738,827	1,100,892	1,086,758	98.7%	14,134	1,100,892	100.0%
2013	590,636,407	1,098,286	1,087,164	99.0%	11,122	1,098,286	100.0%
2014	617,343,477	1,118,521	1,109,598	99.2%	8,362	1,117,960	99.9%
2015	649,369,538	1,137,192	1,127,669	99.2%	-	112,669	99.2%

**Source:** Santa Barbara County Auditor-Controller's Office

**Note:** For the fiscal year ended June 30, 2015, amounts are estimates as of 12/17/2015.

**City of Buellton, California**  
**Direct and Overlapping Debt**  
**Current Year**  
**June 30, 2015**

<hr/> <hr/>			
2014-15 Assessed Valuation	\$768,785,204	\$768,785,204	
	Total Debt		
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		<u>% Applicable (1)</u>	<u>Debt 6/30/2015</u>
Allan Hancock Joint Community College District - GO Bonds		3.281%	\$ 2,553,742
Buellton Union School District - GO Bonds and Bond Anticipation Notes		73.012%	<u>6,069,176</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 8,622,918
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Buellton Union School District - Certificates of Participation		73.012%	\$ 328,554
Santa Ynez Valley Union High School District - Certificates of Participation		12.597%	353,352
Santa Barbara County Certificates of Participation		1.107%	<u>670,393</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 1,352,299
COMBINED TOTAL DEBT			<u><u>\$ 9,975,217</u></u> (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue bonds and non-bonded lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.12%
Combined Total Debt	1.30%

**City of Buellton, California**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Dollars in thousands)**

	2006	2007	2008	2009
Assessed Value	\$ 621,975,128	\$ 679,402,694	\$ 707,619,233	\$ 686,233,598
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	155,493,782	169,850,674	176,904,808	171,558,400
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	23,324,067	25,477,601	26,535,721	25,733,760
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 23,324,067	\$ 25,477,601	\$ 26,535,721	\$ 25,733,760
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Notes: The Government Code of the State of California provides for a legal debt limit of 15% of grossed assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the assessed value for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

The City does not have any outstanding general obligation debt subject to the limit.

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 684,320,951	\$ 683,948,070	\$ 677,670,315	\$ 693,882,411	\$ 693,882,411	\$ 715,256,461
25%	25%	25%	25%	25%	25%
171,080,238	170,987,018	169,417,579	173,470,603	173,470,603	178,814,115
15%	15%	15%	15%	15%	15%
25,662,036	25,648,053	25,412,637	26,020,590	26,020,590	26,822,117
-	-	-	-	-	-
\$ 25,662,036	\$ 25,648,053	\$ 25,412,637	\$ 26,020,590	\$ 26,020,590	\$ 26,822,117
0%	0%	0%	0%	0%	0%

**City of Buellton, California**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

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<u>Year</u>	<u>Population <sup>(1)</sup></u>	<u>Personal Income Santa Barbara County (in thousands) <sup>(2)</sup></u>	<u>Per Capita Personal Income Santa Barbara County <sup>(3)</sup></u>	<u>Unemployment Rate Santa Barbara County <sup>(4)</sup></u>
2006	4,548	18,300	43.4	3.5
2007	4,663	18,900	44.6	3.8
2008	4,700	19,100	44.5	5.2
2009	4,740	18,100	42.0	8.2
2010	4,833	18,600	42.9	8.8
2011	4,878	19,000	44.6	8.9
2012	4,858	19,000	44.5	7.9
2013	4,863	19,300	45.0	6.3
2014	4,893	20,600	47.6	5.4
2015	4,931	21,700	49.7	4.7

Notes:

\*\* Information presented is for the Santa Barbara County Region, except for population data which relate to the City's population, since separate data is not available for the City of Buellton.

Sources:

<sup>(1)</sup> State Department of Finance, numbers are based on January 1

<sup>(2)</sup> U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(3)</sup> U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(4)</sup> Bureau of Labor Statistics.

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# City of Buellton, California

## Full-time and Part-time City Employees by Function (Full Time Equivalent)

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
- City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
- City Clerk / HR	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
- City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
- City Attorney *	1.00	1.00	1.00	-	-	-	-	-	-	-
- Finance	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.28	4.05
<b>Community Development</b>										
- Planning	3.00	3.00	3.00	3.00	3.05	3.13	3.19	3.10	3.16	2.45
<b>Culture and Leisure</b>										
- Parks & Recreation	-	-	1.00	2.51	3.35	3.43	3.61	3.97	5.09	6.65
- Library **	-	-	-	-	-	-	-	-	-	-
<b>Public Safety</b>										
- Police ***	-	-	-	-	-	-	-	-	-	-
- Fire ****	-	-	-	-	-	-	-	-	-	-
<b>Public works</b>										
- Street Lights	-	-	-	-	-	-	-	-	-	-
- Engineering	-	-	-	-	-	-	-	-	-	-
- General	7.00	7.00	7.00	7.00	6.09	6.53	7.40	7.00	9.05	9.20
<b>Total</b>	<b>22.00</b>	<b>22.00</b>	<b>23.00</b>	<b>23.51</b>	<b>22.49</b>	<b>23.09</b>	<b>24.21</b>	<b>24.07</b>	<b>27.58</b>	<b>29.35</b>

Note:

\* Starting in FY2009 the City Attorney is contract personnel .

\*\* The City of Buellton contracted with City of Lompoc Library System to manage the Buellton Branch of the County Library.

\*\*\* Contract with Santa Barbara County Sheriff Department for law enforcement services.

\*\*\*\* Contract with Santa Barbara County Fire Department to provide staffing at County Fire Station 31 in Buellton.

Source: City Finance Department

**City of Buellton, California**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police *</b>										
- Arrests	386	383	412	339	429	313	260	231	147	127
- Non-criminal Citations	165	867	489	507	644	452	292	348	768	667
<b>Total Police Actions</b>	<b>551</b>	<b>1,250</b>	<b>901</b>	<b>846</b>	<b>1,073</b>	<b>765</b>	<b>552</b>	<b>579</b>	<b>915</b>	<b>794</b>
<b>Fire **</b>										
- Number of Calls for Service	NA	NA	NA	NA	NA	167	526	777	538	796
- Emergency Call Responses	NA	NA	NA	NA	NA	119	197	186	351	508
- Fire Prevention Activities	NA	NA	NA	NA	NA	2	19	21	14	29
<b>Total Fire Actions</b>						<b>288</b>	<b>742</b>	<b>984</b>	<b>903</b>	<b>1,333</b>
<b>Planning Permits:</b>										
- Certificate of Compliance	-	1	-	-	-	-	-	-	-	-
- Conditional Use	2	-	2	-	3	1	-	2	1	-
- Development Plan Modification	-	2	1	2	-	-	-	-	-	1
- Final Development Plan	2	5	1	3	-	1	2	1	5	3
- General Plan Amendment	1	3	-	3	-	-	-	-	-	3
- Preliminary Development Plan	-	1	-	-	-	-	-	1	-	-
- Home Occupation	5	1	3	5	1	2	5	3	4	7
- Land Use Exemption ***	80	89	73	78	35	42	49	48	68	63
- Lot Line Adjustment	-	2	1	-	1	-	-	-	2	-
- Minor Use Permit	2	2	2	2	-	1	-	-	-	1
- Sign Ordinance Exemption	1	1	1	1	-	-	1	2	-	1
- Specific Plan	-	1	-	-	-	-	-	1	-	-
- Time Extensions	2	-	3	2	-	-	-	2	2	-
- Tentative Parcel Map	-	2	2	1	-	-	1	-	-	-
- Tentative Tract Map	-	2	1	-	-	-	-	-	1	-
- Variance	1	-	-	-	-	-	-	-	-	-
- Zoning Clearance	24	49	16	54	39	37	42	41	27	38
- Zoning Ordinance Amendment	4	5	-	4	2	2	1	-	1	1
<b>Total planning actions</b>	<b>124</b>	<b>166</b>	<b>106</b>	<b>155</b>	<b>81</b>	<b>86</b>	<b>101</b>	<b>101</b>	<b>111</b>	<b>118</b>

\*Police services are provided by the Santa Barbara County Sheriff's Office.

\*\* Fire services are provided by the Santa Barbara County Fire Department

1. FY2011 data is for Apr - June 2011 activities

2. FY2012 data is for Oct 2011 - June 2012 activities

3. FY2015 data is for July 2013 - Dec 2013 & Apr 2015 - June 2015

NA indicates the information is not available.

**Source:** City Finance, Public Works and Planning Departments

**City of Buellton, California**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**

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Function	2006	2007	2008	2009
Police *:				
Stations	1	1	1	1
Fire *				
Fire stations	1	1	1	1
Public works				
Streets (miles)	22	22	22	22
Streetlights	50	50	50	50
Parks and recreation				
Parks	2	2	2	2
Sewer				
Sanitary sewers (miles)	18	18	18	18
Number of pump stations	2	2	2	2
Wastewater treatment plant	1	1	1	1
Water				
Water lines	27	27	27	27
Wells	5	5	5	5
Water treatment plants	2	2	2	2
Reservoirs	3	3	3	3

\* Services are provided by the County or Special Districts, which are separate from the City. The data provided are for those portions of the system located within the City of Buellton.

Source: City Finance, Public Works and Planning Departments

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
1	1	1	1	1	1
22	22	22	22	22	22
50	64	64	64	64	64
2	2	2	2	4	4
18	18	18	18	18	18
2	2	2	2	2	2
1	1	1	1	1	1
27	27	27	27	27	27
5	5	5	5	5	5
2	2	2	2	2	2
3	3	3	3	3	3

**City of Buellton, California**  
**Capital Asset Statistics by Funds**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**

	2006	2007	2008	2009
<b>Governmental-type</b>				
Land	\$ 1,118,648	\$ 1,118,648	\$ 1,118,648	\$ 1,118,648
Construction-in-progress	-	-	-	92,397
Buildings and improvements	666,664	7,626,199	7,759,526	8,388,508
Equipment	548,810	394,828	376,438	292,115
Infrastructure	14,986,648	14,986,648	14,986,648	15,824,033
Total	<u>17,320,770</u>	<u>24,126,323</u>	<u>24,241,260</u>	<u>25,715,701</u>
<b>Accumulated depreciation</b>				
Total Accumulated depreciation	(7,030,837)	(7,328,622)	(7,994,384)	(8,558,186)
Total Governmental net capital assets	<u>10,289,933</u>	<u>16,797,701</u>	<u>16,246,876</u>	<u>17,157,515</u>
<b>Business-type Activities</b>				
Land	\$ -	\$ 247,691	\$ 247,691	\$ 247,691
Construction-in-progress	-	-	-	-
Buildings and improvements	-	-	-	-
Equipment	-	348,660	428,084	428,084
Infrastructure	10,142,541	9,572,352	9,985,252	10,065,452
Total	<u>10,142,541</u>	<u>10,168,703</u>	<u>10,661,027</u>	<u>10,741,227</u>
<b>Accumulated depreciation</b>				
Total accumulated depreciation	(4,611,889)	(4,913,310)	(5,271,324)	(5,589,314)
Total Business-type net capital assets	<u>\$ 5,530,652</u>	<u>\$ 5,255,393</u>	<u>\$ 5,389,703</u>	<u>\$ 5,151,913</u>

Source: City Finance Department

2010	2011	2012	2013	2014	2015
\$ 1,118,648	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248
-	-	-	-	-	-
8,318,333	8,346,414	4,221,448	4,221,448	4,221,448	4,221,448
306,543	392,039	385,766	425,998	444,765	528,043
16,094,430	16,183,515	15,815,655	16,279,484	16,364,557	17,367,786
<u>25,837,954</u>	<u>26,458,216</u>	<u>21,959,117</u>	<u>22,463,178</u>	<u>22,567,018</u>	<u>23,653,525</u>
(9,275,200)	(10,013,178)	(4,555,664)	(4,812,370)	(5,067,910)	(5,501,416)
<u>16,562,754</u>	<u>16,445,038</u>	<u>17,403,453</u>	<u>17,650,808</u>	<u>17,499,108</u>	<u>18,152,109</u>
\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691
88,645	-	-	-	-	-
-	-	574,387	574,387	574,387	574,387
552,625	557,499	582,952	740,718	773,522	815,800
10,116,246	10,968,077	10,729,454	10,765,834	11,207,646	11,578,959
<u>11,005,207</u>	<u>11,773,267</u>	<u>12,134,484</u>	<u>12,328,630</u>	<u>12,803,246</u>	<u>13,216,837</u>
(5,908,365)	(6,242,860)	(6,571,046)	(6,908,230)	(7,247,635)	(7,643,835)
<u>\$ 5,096,842</u>	<u>\$ 5,530,407</u>	<u>\$ 5,563,438</u>	<u>\$ 5,420,400</u>	<u>\$ 5,555,611</u>	<u>\$ 5,573,002</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Honorable Mayor and City Council  
of the City of Buellton  
Buellton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Buellton, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 29, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 29, 2016

**JJACPA, Inc.**

**JJACPA, Inc.  
Dublin, CA**